

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

ROSENBAUM CAPITAL LLC, on behalf of
itself and all others similarly situated,

Plaintiff,

v.

BOSTON COMMUNICATIONS GROUP,
INC., KAREN A WALKER and EDWARD
Y. SNOWDEN,

Defendants.

CIVIL ACTION NO. 05-11165 (WGY)

AFFIDAVIT OF PETER C. HARRAR

STATE OF NEW YORK)
) ss:
COUNTY OF NEW YORK)

PETER C. HARRAR, being duly sworn deposes and says:

1. I am a member of Wolf Haldenstein Adler Freeman & Herz LLP, co-lead counsel for plaintiff and the class in the above referenced litigation. I submit this affidavit in support of plaintiff's motion for class certification.

2. Attached hereto as Exhibit 1 are (a) a chart prepared by my office from data obtained off the Internet from Bloomberg LP ("Bloomberg") showing the weekly volume of trades in BCGI stock during the Class Period (June 6, 2002 through May 20, 2005), at the end of which an arithmetic mean is calculated (1,923,538.19 shares); and (b) a chart, also derived from Bloomberg data, showing the number of BCGI shares outstanding on a quarterly basis through the Class Period, from which an arithmetic mean is calculated (17,726,154 shares). Dividing (b) by (a) results in a mean trading volume per outstanding shares of 10.85%.

3. Attached hereto as Exhibit 2 are true and correct copies of BCGI analyst conference calls from February 5, 2003, February 3, 2004, February 1, 2005, and May 23, 2005. Each of these conferences was attended, respectively, by 7, 9, 7 and 6 analysts.

4. Attached hereto as Exhibit 3 is a true and correct copy of a Bloomberg Market Maker Activity Report for BCGI stock for the period June 2002 through May 2005.

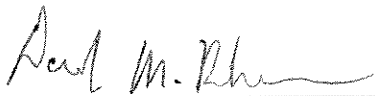
5. Attached hereto collectively as Exhibit 4 are (a) true and correct copies of cover pages from BCGI's Form 10-K filings with the SEC for the fiscal years ending December 31, 2003, and December 31, 2004; and (b) a chart prepared from Bloomberg data showing BCGI's total shares outstanding on a quarterly basis during the Class Period, from which an arithmetic mean of 17,726,154 was calculated. This is multiplied by a mean closing price during the Class Period of \$10.72, which results in a mean market capitalization during the Class Period of \$190,024,369.23.

6. Attached hereto as Exhibit 5 is a true and correct copy of a Bloomberg price report showing the closing prices and volumes for BCGI common stock on May 20, 2005 and May 23, 2005.



Peter C. Harrar

Sworn to before me this
3rd day of October, 2006.



Notary Public

DEREK M. BEHNKE
Notary Public, State of New York
No. 01BE6093660
Qualified in Kings County
Commission Expires 06/09/20 07

Exhibit 1

BCGI Weekly Volume

Week of	Volume
6/7/2002	367,800
6/14/2002	512,900
6/21/2002	282,700
6/28/2002	582,000
7/5/2002	474,700
7/12/2002	531,600
7/19/2002	709,500
7/26/2002	1,100,714
8/2/2002	1,017,382
8/9/2002	499,072
8/16/2002	235,294
8/23/2002	1,502,425
8/30/2002	719,004
9/6/2002	140,614
9/13/2002	318,200
9/20/2002	260,860
9/27/2002	989,852
10/4/2002	1,183,536
10/11/2002	564,915
10/18/2002	1,042,602
10/25/2002	1,119,472
11/1/2002	1,483,432
11/8/2002	1,988,674
11/15/2002	1,195,280
11/22/2002	1,308,681
11/29/2002	836,893
12/6/2002	1,468,684
12/13/2002	1,212,580
12/20/2002	1,513,306
12/27/2002	314,243
1/3/2003	1,068,988
1/10/2003	1,082,086
1/17/2003	733,671
1/24/2003	814,769
1/31/2003	1,472,226
2/7/2003	1,603,035
2/14/2003	1,036,540
2/21/2003	538,756
2/28/2003	705,988
3/7/2003	778,719
3/14/2003	1,435,543
3/21/2003	2,393,157
3/28/2003	2,019,500
4/4/2003	2,695,386
4/11/2003	1,831,478
4/18/2003	4,046,747
4/25/2003	6,662,545
5/2/2003	3,628,726
5/9/2003	5,144,855
5/16/2003	4,893,497
5/23/2003	5,629,803

BCGI Weekly Volume

5/30/2003	3,578,864
6/6/2003	4,205,039
6/13/2003	5,511,500
6/20/2003	7,279,677
6/27/2003	5,509,878
7/4/2003	2,458,169
7/11/2003	6,048,601
7/18/2003	20,945,674
7/25/2003	9,544,531
8/1/2003	4,639,737
8/8/2003	2,846,493
8/15/2003	1,376,081
8/22/2003	3,979,467
8/29/2003	1,975,478
9/5/2003	2,463,352
9/12/2003	2,478,550
9/19/2003	2,744,176
9/26/2003	3,241,691
10/3/2003	3,324,108
10/10/2003	1,609,643
10/17/2003	4,124,274
10/24/2003	2,780,633
10/31/2003	1,867,183
11/7/2003	1,444,724
11/14/2003	1,859,696
11/21/2003	1,921,191
11/28/2003	1,098,409
12/5/2003	1,557,372
12/12/2003	1,403,021
12/19/2003	1,698,128
12/26/2003	1,067,437
1/2/2004	1,976,541
1/9/2004	2,295,198
1/16/2004	6,200,773
1/23/2004	1,801,068
1/30/2004	1,847,809
2/6/2004	2,827,293
2/13/2004	1,220,786
2/20/2004	2,042,328
2/27/2004	1,204,185
3/5/2004	2,013,719
3/12/2004	1,570,123
3/19/2004	869,877
3/26/2004	971,768
4/2/2004	2,452,260
4/9/2004	1,283,954
4/16/2004	1,634,696
4/23/2004	3,573,302
4/30/2004	1,740,642
5/7/2004	1,934,187
5/14/2004	1,895,592
5/21/2004	1,336,173

BCGI Weekly Volume

5/28/2004	1,290,163
6/4/2004	684,868
6/11/2004	2,272,420
6/18/2004	3,848,013
6/25/2004	2,619,857
7/2/2004	1,837,163
7/9/2004	1,058,325
7/16/2004	1,151,113
7/23/2004	1,819,314
7/30/2004	1,055,495
8/6/2004	552,770
8/13/2004	1,093,749
8/20/2004	619,445
8/27/2004	880,417
9/3/2004	896,883
9/10/2004	478,174
9/17/2004	508,263
9/24/2004	601,989
10/1/2004	747,859
10/8/2004	749,090
10/15/2004	464,687
10/22/2004	642,982
10/29/2004	510,998
11/5/2004	308,339
11/12/2004	401,080
11/19/2004	682,139
11/26/2004	398,262
12/3/2004	724,679
12/10/2004	985,997
12/17/2004	775,913
12/24/2004	500,073
12/31/2004	605,472
1/7/2005	609,288
1/14/2005	850,080
1/21/2005	398,657
1/28/2005	2,719,364
2/4/2005	2,754,674
2/11/2005	1,526,701
2/18/2005	2,612,889
2/25/2005	659,369
3/4/2005	795,379
3/11/2005	2,503,620
3/18/2005	1,642,497
3/25/2005	1,198,204
4/1/2005	1,093,111
4/8/2005	1,387,247
4/15/2005	1,168,841
4/22/2005	1,812,320
4/29/2005	1,122,277
5/6/2005	1,503,500
5/13/2005	2,477,809
5/20/2005	2,578,620

BCGI Weekly Volume

Average:	1,923,538.19
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BCGI Shares Outstanding per Quarter

Quarter Ending	Shares Outstanding
Jun-02	17,070,000
Sep-02	17,110,000
Dec-02	17,370,000
Mar-03	17,740,000
Jun-03	18,100,000
Sep-03	18,240,000
Dec-03	18,250,000
Mar-04	18,320,000
Jun-04	17,830,000
Sep-04	17,550,000
Dec-04	17,580,000
Mar-05	17,640,000
Jun-05	17,640,000
Average:	17,726,154

Exhibit 2

Source: [News & Business > Individual Publications > F > FD \(Fair Disclosure\) Wire](#) 

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*Q4 2002 Boston Communications Group Earnings Conference Call - Final FD (Fair Disclosure)
Wire February 5, 2003 Wednesday*

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February 5, 2003 Wednesday

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HEADLINE: Q4 2002 **Boston Communications Group** Earnings Conference Call - Final

BODY:

OPERATOR: Good afternoon, and welcome to **Boston Communications Group** fourth quarter and full year 2002 conference call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer period. Instructions for registering your question will be given at that time. Now I will turn the call over to Peter Selzburg, with FRB. Mr. Selzburg, please begin.

PETER SELZBURG, **BOSTON COMMUNICATIONS GROUP:** Thanks. Good afternoon, everyone. Thank you for joining us today. By now you should have had a chance to review today's press release. If anyone needs a copy call 212-445-8453 or request a fax or e-mail or you can download it at our web site, www.BCGI.net.

On the line are E. Y. Snowden, President, CEO, and Karen Walker, CFO of **Boston Communications Group**. Please note that management is happy to speak privately with investors and analysts regarding overall strategy. However, more specific questions regarding financial guidance or other material information will only be discussed in widely disseminated press releases or via open conference calls such as the one today.

I would like to caution everyone that today's call discusses **Boston Communications Group** business outlook and may contain forward-looking statements. Particular forward-looking statements and all other statements that may be made in this earnings call are not historical fact and are subject to a number of risks and uncertainties and actual results may differ materially. Please refer to the Safe Harbor Statement in today's press release and all filings with the SEC for more information on facts that could cause actual results to differ. Without further delay now I'd like to turn the call over to E.Y. Snowden. Please go ahead.

E.Y. SNOWDEN, PRESIDENT, CEO, DIRECTOR, **BOSTON COMMUNICATIONS GROUP:** Thank you, Peter. And welcome to the **Boston Communications Group** fourth quarter and calendar year 2002 conference call. We are happy to be talking to you today about our outstanding financial results, our success in executing on and exceeding our strategic goals for 2002, and about our position going into 2003 with unprecedented momentum.

Financially, this was a quarter of records, of record corporate revenues, record billing and transaction processing services revenues, record average usage per subscriber, record net

subscriber growth, and record EBITDA. And for the full year we achieved EPS nearly double our original guidance of a year ago.

Of all this good financial news which Karen will tell you about during her part of the call, the one element I would like to single out is the top line. To be showing year-over-year revenue growth of almost 50 percent for the enterprise and more than 60 percent in our billing and transaction processing services stands out in the slower growing wireless industry of today as testimony to the strong position that our customers' products, targeting teams, budget conscious and credit challenge, have captured in their overall portfolios. Best of all, this revenue growth comes from strength in both quantity and quality. Year-end subscribers of 2.89 million were up 65 percent above the prior year. And average usage per sub of 105 minutes per month was up 33 percent year-over-year.

As we have seen again and again, growth is good, but not without quality. And our carrier customers have proven through a difficult time in the industry that they are achieving solid economics, targeting new alternative segments by using prepaid catered and market distribution plans to lower the cost of customer acquisition, using BCGI's technology to eliminate bad debt and fraud while lowering the cost of customer care and payment processing. And by delivering future rich well priced service to enhance our [INAUDIBLE], this solid conservative support is reflected in comments made just yesterday by Dick Lynch, Verizon Wireless's chief technology officer, where he told the audience at an investor's conference that Verizon would continue to support and in fact enhance prepaid and its functionality, providing a [INAUDIBLE] feature set to their prepaid plan.

It is these kinds of strong fundamentals that demonstrate our accomplishment of the first of the significant strategic goals we discussed a year ago, proving that the approach to new wireless growth promoted by BCGI builds sustainable lasting value for the industry while others have faltered. Our second strategic goal from a year ago was strengthening our competitive position with demonstrated superior functionality, flexibility, and end to end economics of BCGI's outsource solution for serving prepaid wireless. We are thrilled today to point out Alltel's announcement of Simple Freedom, a new service available through Wal-Mart stores nationwide, as evidence of BCGI's success in accomplishing this goal. On the heels of announcements of our nationwide Cingular Wireless contract and our Nextel BOOST Mobile contract, we now have four of the seven largest U.S. wireless carriers as prepaid customers. And as the Simple Freedom product is truly a national product offered through Alltel and their agreement with a nationwide CBMA carrier, one could say that we now have four of the seven nation carriers.

Our third strategic goal for 2002 was diversifying our product concentration by entering new lines of business that could leverage our core competency. Our previous announcement of the formation of our strong entry into the early stage high growth opportunity of payment services and subsequently our entry into the billing and customer care with the application of Infotech Solutions Corp. are the manifestations of this strategic imperative. With several of our customers taking advantage of BCGI's newest payment services product and with today's announce announcement of two new GSM carriers, MPI Wireless and WestLink Communications signing on to our Voyager post-paid billing and customer care platform, we've demonstrated early success with these growth initiatives.

And success of our final strategic objective of accomplishing all of this while controlling costs and employing sound fiscal practices remains a hallmark of BCGI as a company. This success, and in particular the performance during and at the end of the last quarter, positions us particularly well for continued success in 2003. Our product categories have never enjoyed more favorable positioning among American carriers than they do today, with nearly all of the national carriers prominently featuring or promoting prepaid products. Our competitive position has the never been stronger and we are consequently in discussions with every major carrier in America about the possibility of working with them in this exciting

product space. So while our growth trajectory for 2003 and our ability to achieve our guidance of approximately double the earnings of last year are achievable with the customers we already have, we continue to have confidence in our ability to gain additional new customers from tier 3 up through tier 1 carriers.

Finally, I wanted to address an issue I've been asked about frequently by investors of late regarding sales of BCGI stock by insiders. I would guess that after today's announcement of our good performance one might be worried about an insider's sanity in selling stocks in the last few months, but the facts are these: In BCGI you have a dedicated team of professionals who happen to have an inordinate proportion of their net worth in a single security, BCGI. Despite the fact they all believe strongly in our ability to increase the value, every sound financial advisor would say they must diversify.

About a year ago, we became aware of structured selling plans or 10B51 plans. The rule 10B51 permits the implementation of a written plan for stock selling and times when in possession of material nonpublic information and allows them to sell shares on a regular basis regardless of any subsequent material nonpublic information they may receive or the price of the stock at the time of the sale. Sales under such plans would be affected in a systematic manner with a goal of minimal market impact by spreading them over a more extended period of time than is available using traditional window periods. Particularly because BCGI has been very conservative about interpreting inside information and have blacked out trading among insiders during periods when contracts have been in various stagings of the process. It was critical that many of our team members, in order to achieve any kind of diversification adopt these 10B51 plans.

And so as a result many have been adopted by team members. Many of the contracts went into place just in the last quarter of this last year. And bottom line, the best guidance we can give is this: That in achievement of diversification even in the event that all failed currently under 10B51 plans are were executed this would still comprise only about one third of the holdings of stock and exercisable options on the part of the management team.

So we appreciate all of your investment in BCGI and you know that the team here is working for you every minute and able to achieve the kinds of successes we have to talk about today. Now I'd like to hand the call over to Karen Walker, our chief financial officer, to discuss our financial performance and guidance.

KAREN WALKER, CFO, VP FINANCIAL ADMINISTRATION, TREASURER, BOSTON COMMUNICATIONS GROUP: Thank you E.Y.

2002 has been a milestone year for BCGI and has positioned us to continue to deliver successful financial results for 2003. As E.Y. mentioned, for the fourth quarter of '02 we generated a record level of revenues at \$21.2 million, approximately 50 percent higher than the fourth quarter of '01. Our fourth quarter net income of 14 cents per share, excluding the Freedom Wireless legal charges, exceeded our guidance and contributed to a year in which our actual performance was nearly double the guidance we set early in 2002.

Including legal charges, net income of 19 cents per share for '02 was more than three times higher than '01. Excluding legal charges, net income was approximately 55 percent higher than '01. Either way you slice it BCGI performed well above expectations.

The driver of our success is centered around our billing and transaction processing services, or BTPS business, which includes prepaid wireless services, payment services, and our Voyager billing and customer care, the product of our Infotech acquisition. BTPS revenues were \$17.9 million for the fourth quarter, a 61 percent increase over Q4 '01 and a 20 percent sequential increase. Most of the growth was generated by our prepaid wireless services as 479,000 net subscribers were added to the platform, the highest in the company history,

ending the year with 2.8 million subscribers.

Average billed minutes per use increased to 105 per month per subscriber, a 33% year-over-year increase and 11% sequential increase. We are pleased to report that included in these subscriber additions are the remaining TDMA Cingular conversions which were fully completed by the end of the year. Turn for the quarter was 9.2% per month, reflecting a decrease over the 9.7% reported in Q3. Our average billed rate per minute declined less than expected at 5% sequentially. This is principally the result the changing mix of our customer base, including newer customers being at the lower end of the tier volume discounts.

The economics of our prepaid models continued to prove its strength as prepaid growth margins increased to 73% compared to 72% in Q3 02 and 65 percent in Q4 01. Our surge in prepaid systems revenue resulted from the sales of large system sales. These larger sales led to a gross margin of 61 percent for the quarter and contributed to approximately 2 cents in additional earnings that was not expected. Our roaming services revenues decreased 31 percent sequentially reflecting the traditional seasonal drop in the fourth quarter as well as the continued decline in this business. Gross margin declines resulted principally from this decline.

We have taken additional proactive steps to reduce costs in this business which should make modest improvements to margin sales as expect annual revenues will continue to decline at approximately 40 percent year-over-year. As we have stated in the past, roaming services requires minimal overhead to operate and it has helped our sales efforts when targeting tier 2 to tier 3 carriers. However, we will continue to monitor this business to ensure that it delivers the appropriate level of value to the company.

All of our operating expense areas increased in the fourth quarter, principally as a result of the addition of two full months of operations for our Voyager billing and customer care. As well as our investments in our payment services business and additional resources needed to support new customers and growth from existing customers. Depreciation increased principally due to the additional equipment placed in service to support Alltel's new national Simple Freedom product. Capital expenditures totaled \$7.4 million for the quarter and \$23 million for the year. This excludes assets acquired as part of the Infotech purchase which resulted in \$1.2 million in intangible assets and \$2.1 million in good will. Our balance sheet continues to remain strong with cash in short-term investments of \$55 million as of December 31st and our DSO improved at 69 days compared to 72 days at September 30th.

Now I'd like to spend some time talking in more detail about our outlook for 2003. As noted in the the release, we are increasing the lower end of our guidance resulting in earnings guidance of 64 to 70 cents per share before legal charges. This compares our previous guidance of 60 to 70 cents and is about double 02 earnings.

If the legal costs to defend Freedom Wireless suits continue throughout 2003 we expect the GAAP EPS should range between 52 to 58 cents per share, about triple 2002 GAAP earnings. Note that we expect we will continue to generate quarterly after tax legal charges of approximately 3 cents per share until the Freedom Wireless matter is resolved. I should also note that the timing of the case remains on track and we still expect that summary judgment motions will be submitted during sometime the second quarter of this year. There are no other developments to report and there has been no change to our position in the case. We remain confident that we do not infringe on the Freedom Wireless patents that the patents are invalid in light of prior art.

As we stated in today's press release, most of our new business in 2002 was launched in the latter part of the year. And therefore we believe our billing and transaction processing services business is very well positioned to deliver on these financial objectives. For the first quarter of 2003, we expect earnings to range between 13 and 15 cents per share before

legal charges. This guidance reflects continued growth in BTPS offset by the return of the systems business revenues to more typical levels of about 1.5 million per quarter. Our guidance does reflect the previously announced investment in our payment services business which we expect to be 1 to 2 cents per quarter after tax for the near term.

We have not factored in any significant revenue contribution for payment services in '03 since although we have already experienced success with new distribution arrangements and customer acceptance of our newest payment service product, we believe that it will take time for these revenues to ramp. However, since payment services leverages much of our existing infrastructure, this is a relatively small investment for what we expect to be a future revenue and income opportunity.

We reiterate the expected growth rate we provided in October for a year-over-year revenue increase of approximately 40 percent for the BTPS business. The assumes net prepaid subscriber additions for 03 will range from 800,000 to 1.1 million representing solid growth over 2002 when excluding the conversions completed during the year. We expect that our subscriber trends will show similar seasonal trends as in the past years with the second and third quarters being the slowest seasonal quarters and the fourth quarter being the strongest as the holiday season typically triggers more activity. Additionally we expect Q1 net subscribers to range between 200,000 and 250,000.

Average billed minutes of use per subscriber per month were higher than expected during the quarter for several reasons, including a higher proportion of net subscribers added in the first half of the quarter. Thus the weighting of the average was more even than in past fourth quarters where the majority of net additions were added during last two weeks of the quarter. More importantly, we ended the year with a subscriber base that is predominantly comprised of higher usage and more full featured digital subscribers.

The mixed shift from analog to digital was predominant throughout '02. And as we previously stated, contributed to a significant proportion of the increase in MOUs during the year, in addition to our carrier's more competitive pricing and feature offerings. We expect the continued focus on features, pricing and marketing will result in MOU increases. But because our base is almost all digital now we anticipate that the rate of growth will not be as high as it was in 02. Thus we expect that average billed MOUs per subscriber per month will increase approximately 12 to 15 percent year-over-year. Additionally we expect that our average rate per minute will decline about 15 to 18 percent year-over-year.

Although our pipeline continues to be very strong and the potential for new business in 03 is likely, our guidance does not assume any significant new business. It does, however, assume that most of our carrier customers will continue to grow their prepaid programs at the level we have seen and consistent with our experience and carrier plans. As a result of our investment and payment services and the changing mix of revenues in BTPS with our payment services and Voyager products we expect that these results should produce BTPS gross margins of around 72 to 73 percent throughout 2003.

As I noted in the October earnings call, we expect that our roaming services business will continue to decline in the same manner in 2003, and we expect that annual systems revenues will grow approximately 10 percent in 03 compared to 02 and generate margins of approximately 50 percent. We also expect that R&D and sales and marketing will be slightly higher as a percentage of revenue when comparing 2002 to 2003 while our G&A expenses should decrease to about 7.5 percent of revenue. Consistent with previous guidance we expect that our Cap Ex for 2003 will be approximately \$20 million and depreciation and amortization expense for 2003 should decrease about 14 percent year-over-year.

BCGI has achieved a number of milestones in 2002 and we believe this has put us in the right trajectory for continued operational and financial success. A year ago when I spoke on

this call I talked about our confidence in our prepaid product and our competitive position as well as our ability to generate new revenue through customer wins and leveraging our remarkable infrastructure. I also talked about many of our carriers who were just beginning to offer feature rich, competitively priced digital prepaid programs will be the growing a more profit driven prepaid subscribers about. I noted we were focused on generating long term value for our shareholders. This still holds true.

2002 marks a year where we have outperformed the goals we set and communicated to you. Much of the strength we have gained over the last year has become visible to you more recently but resulted from focusing on our long term strategy and importantly the support and hard work of our dedicated employees. What we have built has positioned us well for 2003 and beyond and I am very excited about the opportunity in front of us.

I'd now like to ask the operator to open the call to questions.

OPERATOR: Ladies and gentlemen, if you would like to ask a question, please press star, followed by the number 1 on your telephone key pad. We will pause for just a moment to compile the Q and A roster. Your first question comes from the line of Mike Latimore with Raymond James.

MIKE LATIMORE (ph), RAYMOND JAMES: Good afternoon. Are you there?

E.Y. SNOWDEN: HI, Mike.

MIKE LATIMORE (ph): Hello. Let's see. Any mention of who the 10 percent customers were in the quarter?

KAREN WALKER: We did mention that in our press release for those of you who read the cautionary statements at the end of the release, we noted that Verizon was 49 percent, and Cingular was 25 percent.

MIKE LATIMORE (ph): Okay. I've got to look at those more closely sometime. All right. And of your sort of 800 to 1.1 million sub estimate for 03, this is all coming from, you said -- after organic growth, is that your current customers?

KAREN WALKER: That's right.

MIKE LATIMORE (ph): Okay. And how about in the fourth quarter here could you break out how much your acquisition contributed?

KAREN WALKER: We aren't breaking that out specifically, Mike. But, you know -- and actually I should note that we do have some new business for Voyager factored into our forecasts but it's overall a relatively small proportion of the total BTPS revenues but I think you can probably get some sense of the size of info tech through the 8-K filing we did just recently.

MIKE LATIMORE (ph): Okay. Great. So that -- basically the acquired business is basically in line with expectations?

KAREN WALKER: That's correct.

E.Y. SNOWDEN: Yeah.

MIKE LATIMORE (ph): I'll hop off and maybe come in later here. Thanks.

KAREN WALKER: Thanks, Mike.

OPERATOR: Your next question comes from the line of Howard Smith with First Analysis.

HOWARD SMITH (ph), FIRST ANALYSIS: Yes, and I echo the congratulations on an exceptionally strong year.

E.Y. SNOWDEN: Howard, thank you so much.

KAREN WALKER: Thank you.

HOWARD SMITH (ph): As we look to next year and the guidance for new subscriber additions, I know you say that's up substantially if you exclude some of these transitions from Cingular and stuff as they took them off other networks and put them on yours. I don't think you ever quantified that for us. Can you?

KAREN WALKER: No, we haven't. We are hesitant to do that because Cingular has not authorized us to do such. Unless the carrier authorizes specific subscriber numbers, I'm going to stay away from that. I think it said it was representative strong year-over-year increase.

HOWARD SMITH (ph): Okay. And then if we look at it a slightly different way and we take the customer concentration from Verizon and Cingular and you've signed a lot of new customers, would you expect the relative contribution to be substantially different if we look at just the new additions coming on in 2003? Or do you think these Nextel and Alltels and things even though they have announced some things they are going to take several quarters to ramp?

KAREN WALKER: They will take quarters to reach just because -- keep in mind, well Nextel specifically they did not have a previous prepaid program. So there were no conversions associated with that. With Alltel we haven't discussed too much as far as the nature of any conversions, if any. You can assume based on what we said that it's primarily organic growth which does take time. The upside with Cingular was getting those conversions in the third and fourth quarter of subscribers already generating healthy levels of MOUs. I think to answer your question, we expect that our concentration will shift in 2003, but it won't become as evident until the latter part of the year probably.

E.Y. SNOWDEN: And recall specifically our guidance has not changed with regard to Nextel and its inclusion in our 03 guidance. We have -- currently have a trial in California and our guidance still only presumes California, it does not anticipate a nationwide launch as we all had discussed I think on previous calls.

HOWARD SMITH (ph): Sure.

E.Y. SNOWDEN: Such a nationwide launch would be an upside to our guidance.

HOWARD SMITH (ph): Thank you.

OPERATOR: Your next question comes from the line of Steve Levenson with [INAUDIBLE].

STEVE LEVENSON (ph): Good afternoon. If I'm correct, you had previously indicated that you expected to spend \$19 million for capital expenditures this year. Looks like you spent about \$4 million more. Can you tell us what it was for.

KAREN WALKER: I had actually increased that guidance last quarter. We had talked about with the -- specifically with the new business we had coming on board and more specifically the Alltel. We had to increase our Cap Ex guidance. And I guided 22 to \$24 million for 02.

STEVE LEVENSON (ph): Okay. Secondly, do you see an opportunity to expand into other areas where stored value is used separate and apart from prepaid wireless calling? And is

there anything cooking there?

E.Y. SNOWDEN: I don't think just that alone is sort of a measure of what we consider our core confidence that we would like to leverage immediately. There have been examples of such opportunities like fast pass, smart pass, highway intelligent vehicle highway systems, like private label cards for retail and other kinds of opportunities. But many of those require such a much lower level of capability and functionality than we have created our expertise around that they really are areas where what -- you know, the lowest level of stored value can be almost considered commodity like and much less demanding an ability able to use our skills. So it's not currently -- those kinds of things aren't on our screen today.

STEVE LEVENSON (ph): Okay.

E.Y. SNOWDEN: They are easily doable but not on our screen today.

STEVE LEVENSON (ph): Last, what sort of activity are you seeing among our subscribers using short message service -- as in text messaging?

E.Y. SNOWDEN: It's very exciting. And we usually can't -- we never can talk about provider information until they release it or others have stated thing publicly. We have noted in the past some anecdotal public discussions such as we understood with AT&T wireless discussion about what proportion of the short messaging on their entire nationwide network came from the little city of Cincinnati where our I wireless customers were aggressively using messaging. I've heard a quarter and a half of all the SMSs in the nationwide network. It's those kinds of things in terms of our well done team oriented subscriber and their use of SMS. I think the good news is there has been a lot of trade press in wireless about increasing SMS take, not just among teens. Among a broader group of people. And I think that's beneficial, but the best news is we've got more of the teams than anyone, and it is the teams who are very quick to use it. It's already becoming a good revenue stream for us. And we anticipate it to be a rapidly growing one for us.

STEVE LEVENSON (ph): And lastly, just related to SMS. When it is used for notification, is that something you collect a fee for, or is that just passed along?

E.Y. SNOWDEN: A network generated SMS message?

STEVE LEVENSON (ph): Uh-huh.

E.Y. SNOWDEN: No, typically not billed, I think.

KAREN WALKER: We only get paid for what the carriers bill because that's all we see.

STEVE LEVENSON (ph): Okay. Thanks very much.

OPERATOR: Your next question comes from the line of Tavis McCourt with Morgan Keegan.

TAVIS MCCOURT (ph), MORGAN KEEGAN: Good afternoon, good quarter.

E.Y. SNOWDEN: Thanks.

TAVIS MCCOURT (ph): A couple of questions. First on -- I'm sure it ticked down a little bit but from talking to some of your customers it seemed that their churn rates are lower than that but you mentioned most of your legacy business is off your network.

KAREN WALKER: That's right.

TAVIS MCCOURT (ph): Where is that going next year in terms of guidance?

KAREN WALKER: We certainly expect that we'll see continued declines in churn. You know and also start to see more of the seasonal effects of churn where typically in the past we've seen sometimes higher churn rates in Q2 and Q3 you know, related to the holiday churn. So we'll see similar trends there and lower trends in Q4. Some of it is dependent upon how fast the subscriber base grows because obviously the calculations are based upon the subscriber base numbers. But we are projecting that churn will come down gradually during 03.

TAVIS MCCOURT (ph): Okay. And then E.Y., you had made a comment about talking about every major wireless carrier in the U.S. about something at this point I guess. I guess can you characterize that a little further in terms of is it prepaid interest or some of this hybrid billing interest? And then if you could talk a little bit about how long it may take you to develop some of those capabilities with the new acquisition.

E.Y. SNOWDEN: Oh, sure. I would describe it as first of all a range of all products. And that's one of the benefits for the fact that we've created this payment services line of business that we are willing to sell some of the pieces of what we did in the past, now, to carriers who aren't necessarily prepaid customers of ours, including the ability for ATM recharge and other things. So there are a range of things we are talking about to each one of these carriers, including in some cases not prepaid but rather payment services specifically.

As far as hybrid services particularly is concerned and for those of you on the call since we didn't spend much time getting into it, you can go back to our conference discussion after the third quarter results where we talked about our pending acquisition of Infotech Solutions Corp., now concluded to successfully enter the post paid billing and care business. The primary reason for that acquisition, while the ability to enter the post paid business and tier 3 markets and 2 markets with their platform with the cross cell from our customers to theirs and to get new customers was very good. The primary reason for the acquisition was to gain new skills, experience, and capabilities to enable better for BCGI to be a provider of hybrid post paid-prepaid-like plans as they evolve in the future. And that is remaining on track. It is a very smart thing to have done. A very timely thing to have done. And indeed I think our acquisition of Infotech as that acquisition is being integrated well and seems to show traction on its own. And it is something that's helping us with our discussions. There are a number of carriers that we are talking about about that kind of offering specifically.

None of this -- I apologize for being as vague as I am, but none of this is yet at the stage where we would like to talk about customer names and specifics on those opportunities. But I would only note -- this is literally -- I don't think it has been true prior to sometime in the last half a year or three-quarters of a year, we are literally in discussions with all of them.

TAVIS MCCOURT (ph): That beats the alternative.

E.Y. SNOWDEN: Yeah, exactly.

OPERATOR: Your next question comes from line of T.J. Stolette with Potomac Capital.

T.J. STOLETTE (ph), POTOMIC CAPITAL: Hi.

KAREN WALKER: Hi, TJ.

T.J. STOLETTE (ph): So the guidance doesn't assume any new customers.

KAREN WALKER: Other than the ones I mentioned for Voyager.

T.J. STOLETTE (ph): Right. In terms of Cap Ex, though, does the \$20 million only apply to

existing customers or does that assume putting out some capacity or other things for potential new customers?

KAREN WALKER: No. It assumes just supporting our existing customer base as well as, you know continued -- to support that growth as well as we continue to upgrade the network, improve the reliability and redundancy of the platform and making sure we are always on the cutting edge of features and functionality. That has been a key reason why we've been so successful in our sales efforts during the past year.

T.J. STOLETTE (ph): Obviously you can't talk about specific Cingular conversions. Is it safe to say -- can you give a range. Is it safe to say that 40 or 50 percent of the quarter's adds came from that?

KAREN WALKER: Oh, certainly not that high.

T.J. STOLETTE (ph): And Alltel is obviously one carrier selling the Simple Freedom Wal-Mart plan. Their coverage though is only small part. Who would be the other carrier doing that? And are they a customer if you can't say specifically what who it is.

E.Y. SNOWDEN: They would have to be a customer since we are now providing this service on a nationwide basis. The name is not something we would release. And a lot more further details need to come from Alltel as they continue to get more information on that. I think some parties that had conversations with Alltel, and I've heard secondhand that they have, in fact, been told the name of the nationwide CBMA carrier.

KAREN WALKER: I think --.

E.Y. SNOWDEN: A carrier with whom Alltel has a relationship with. Since there are two nationwide CBMA carriers.

T.J. STOLETTE (ph): I can figure it out.

KAREN WALKER: I think you can assume it's one of our more significant carriers and should put people more at ease as far as our customer concentration and contract renewal status and things of that nature.

T.J. STOLETTE (ph): That's great.

E.Y. SNOWDEN: That's a good point, Karen, just simply that fact alone that here we have a brand new multiyear contract to serve the largest retailer in the world adds to the relationship we have with the other nationwide carrier.

T.J. STOLETTE (ph): That's a good statement. And has that Simple Freedom begun to be marketed or do you know the date when it will be?

E.Y. SNOWDEN: It's already begun. It's been in some flyers, in fact, in the fourth quarter. But a fairly soft launch and increasing focus.

T.J. STOLETTE (ph): Okay. Appreciate it.

OPERATOR: Your next question comes from the line of Todd Rosenbluff with Standard & Poor's.

TODD ROSENBLUFF (ph), STANDARD AND POOR'S: Hi. Good afternoon as well.

KAREN WALKER: Hi.

TODD ROSENBLUFF (ph): Quick question on stock options. Can you quantify where that has been either for the quarter or for the full year of 2002.

KAREN WALKER: As far as sales or?

TODD ROSENBLUFF (ph): Stock options expense.

E.Y. SNOWDEN: Oh, we do report that.

KAREN WALKER: We'll report that in the 10 K. I don't have that right in front of me right now.

TODD ROSENBLUFF (ph): Can you comment whether it's higher than last year or shall we wait for the K I guess.

KAREN WALKER: I will have to ask you to wait for the K.

E.Y. SNOWDEN: It takes some analysis to could that -- to do that and we don't have it at our fingertips.

TODD ROSENBLUFF (ph): Then going with that I imagine you are not at the point where you are ready to start expensing it?

KAREN WALKER: No, we are not.

TODD ROSENBLUFF (ph): With AT&T wireless coming out with their new prepaid product, can you mention anything as to your thoughts about it, whether you have had contact with them?

E.Y. SNOWDEN: I said we've had contact with every major carrier, they certainly are one. Yes, we've had contact with them. I would point out a few things about the announcement, first and foremost is, hey, you know, this is great, a major national carrier who hasn't said much about prepaid for a while promoting the category. But probably second most, which is more interesting is to note their own announcement that they describe a prospective launch of this product by the end of the summer. So this is truly I think an unprecedented announcement and promotion some eight months, 6 to 8 months, 9 months in advance of a product launch for a prepaid product. That's truly unprecedented among American carriers. I view it as good news as affirmation again of this product category. And as I've mentioned we are in discussions with them. I wouldn't want to leave you thinking that we are saying we believe we are the likely provider of that platform for that product, but given that we can launch national networks in 60 days, we'd certainly have time to be.

TODD ROSENBLUFF (ph): Okay. Thank you.

OPERATOR: Your next question comes from Greg Gorbachenko with [INAUDIBLE] Capital Markets.

GREG GORBACHENKO (ph): Congratulations. Aren't they going to use the smart talk system or is that scrapped?

E.Y. SNOWDEN: I believe -- I don't know. It is month and months and away -- it's months and months away. And as I mentioned we are in discussions with and we enterprise with one thing or another but I don't know.

GREG GORBACHENKO (ph): I've got some tough questions though. Here we go. That 20

million number, I was hoping that over time that this thing -- I mean it's obviously very scalable with 73 percent margins, is there any way to ratchet down that Cap Ex to see the cash balances accumulating a little bit. TJ asked a question, I think most of it is just to support the legacy business but again it seems kinds of high and is there any way that Cap Ex can kind of come down somewhat?

KAREN WALKER: We've been -- we've done a number of things this year specifically to help bring down Cap Ex requirements with our IN that we talked about in the past producing the level of nodes and capacity that we need out in the field to support the voice terminal carriers. That's continuing into 03. Not all of our customers have converted over to our IN architecture. Many of them have and are continuing to do so. Until they are fully converted we need to deploy more equipment to support that growth. Additionally we've made a number of improvements this year to our transaction processing platform and reducing some of the -- actually, increasing the capacity without having to add hardware but by making software changes that have improved performance. Our developers had a concerted effort in that area. So we've done a number of things. But if you look at, you know, the size of our revenue increase that we are projecting for this year, our Cap Exes remain relatively flat but yet we are seeing a 40 percent increase in our BTPS revenue.

GREG GORBACHENKO (ph): Right.

KAREN WALKER: So we are pleased with that. We're -- you know a lot of the Cap Ex comes before the growth. And we've studied this extensively as we've gone through our budgeting process and so forth and we feel very comfortable with the Cap Ex levels in that, you know, they are justified in relation to the revenue growth that we are seeing.

GREG GORBACHENKO (ph): Close to 19, is that what you said?

KAREN WALKER: 23 million.

GREG GORBACHENKO (ph): Close the year at 23?

KAREN WALKER: Right.

GREG GORBACHENKO (ph): So it is a slight down tick.

E.Y. SNOWDEN: It is a slight down tick. And as Karen highlighted, you know we are not investing capital into our roamer services business and not much into our systems business. So this is really about building transaction processing. If you look at that business you will look at a business that has been growing in a very fast rate as we just described quarter over quarter this year, 60 percent. And Karen is giving guidance for aggressive growth for next year. So it's either capital expenditures which have already paid back as new revenue occurring beginning the very next year. And importantly, I think these are assets which are very leveragible and actually improving our chances of more incremental leveraging into both the current and the new products.

GREG GORBACHENKO (ph): One more quick question. Thanks for the response on that one. If I'm Verizon, and I mean, they are obviously not idiots and they can read the cautionary language that they are 50 percent of your business and let's say they are good buddies with Cingular which is 25 percent. I mean, 75 percent of the business is coming from basically two guys. And your financials are publicly available so they could crunch the numbers themselves. Could they go through this -- what is to prevent them from looking at your margin and say oh, my God we are giving BCGI 73 percent margin on 20 million Cap Ex. What is to stop them from ratcheting down the margins and hold you to a steady rate of return that's fair but really -- I'm thinking they maybe be able to cap your guys' growth in the long term. Can you give me a response on that?

E.Y. SNOWDEN: Sure, first of all, Verizon and Cingular aren't too friendly. I'm not going to imagine the two of them would work together.

GREG GORBACHENKO (ph): We've seen AT&T and sprint work together in infrastructure. We've seen Cingular and Voicestream work together. Cingular and AT&T work together.

E.Y. SNOWDEN: I haven't seen them working together to bargain down vendors. That's a direct infraction of various laws. But that's all right. That aside, the reality of this, that Verizon generates no profit for us on a stand alone basis if you appreciate that our costs are a fixed cost model where we've built scale now, scale which is still double of Verizon's total volume that on a stand alone basis if we were to -- absent other things, we are not making money on it. So it's really about a proposition and an enterprise that has been built around a scale platform, a national platform which we have leveraged very well around multiple carriers so that each one can't get economics unknown that they are getting with us. That leaves us in a strong position in that kind of negotiation about where is the profit coming from.

As you would appreciate, the bigger customers have better prices than our smaller customers. So they are enjoying the benefits that have already. Lastly and most importantly we've said multiple times we are under less price pressure than ever. Karen's guidance reflects that as she described our average revenue on a per minute rate will come down. It will lower rate over this next year over last year than it has and that's because we really have gotten less competition and less pressure, that's direct feedback from our customers about dissatisfaction with price. Price is not our issue any longer. It's adding features and taking these platforms to the next level. So those are good things.

In fact, every year we conduct studies of our carrier customers as well as of trade analysts, consultants, et cetera, done by third parties. And to get input about BCGI, about what we are doing well, what we aren't. And first of all, the great news is, as you might expect from just hearing our report today, the customers like us a lot more than ever. But finally, prices have been directly confirmed. It's not the issue.

GREG GORBACHENKO (ph): So what I hear you saying is they are not going to put the squeeze on you because they are already getting great pricing.

E.Y. SNOWDEN: That's exactly right. Relative to the alternative and truly on a total integrated cost service as we've described for many the way we bring down customer care costs, replenishment costs, and other aspects of the total proposition not just the BCGI charge or the prepaid minutes that in the fully integrated economics sense in most cases we have already paid for ourselves.

GREG GORBACHENKO (ph): Thank you, good response.

OPERATOR: Again, ladies and gentlemen, I would like to remind everyone, in order to ask a question, please press star followed by the number 1 on your telephone key pad. At this time, there are no additional questions. Do you have any closing remarks?

E.Y. SNOWDEN: Well, certainly. Thank you all for joining us today. I think as you can hear, it's been a very successful quarter and a very successful year for us. But I think you can also see in our remarks as well as in our guidance some unbridled enthusiasm for where BCGI is and where we are going. Thank you for your time.

OPERATOR: Ladies and gentlemen this concludes today's **Boston Communications Group** fourth quarter and full year 2002 conference call. Thank you for your participation. You may now disconnect.

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*Q4 2003 Boston Communications Group Earnings Conference Call - Final FD (Fair Disclosure)
Wire February 3, 2004 Tuesday*

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HEADLINE: Q4 2003 **Boston Communications Group** Earnings Conference Call - Final

BODY:

OPERATOR: At this time I would like to welcome everyone to the bcgi fourth quarter and annual earnings conference call. All lines have been placed on mute to prevent any background noise. (OPERATOR INSTRUCTIONS). I would now like to turn the call over to Mr. Peter Seltzberg with the Financial Relations Board, for opening remarks.

PETER SELTZBERG, INVESTOR RELATIONS, **BOSTON COMMUNICATIONS GROUP:** Thanks. Good afternoon. By now you should have had a chance to view today's press release, but if anyone still needs a copy a please call us at 212-4445-8453, and request fax or e-mail; alternatively, view and download the release at the Boston Communications corporate Website, www.bcgi.net.

On the line with us today are E.Y. Snowden, President and CEO, and Karen Walker, Chief Financial Officer of **Boston Communications Group**. Please note that management is happy to speak privately with investors and analysts regarding overall strategy, industry trends and historical issues; however, more specific questions regarding updates on financial guidance or other material information will only be discussed in widely disseminated press releases or via open conference calls such as the one being held today.

I would also like to caution everyone that various remarks the Company may make about the Company's future expectations, plans, and prospects, constitute forward-looking statements for the purposes of the Safe Harbor provisions under the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those indicated by those forward looking statements as a result of various important factors, including those discussed in the form 10-Q for the three months ended September 30, 2003, and Form 10-K for the year ended December 31st, 2002, which are on file with the SEC. In addition, any forward-looking statements represent our views only as of today, and should not be relied upon as representing our views as of any subsequent day. While we may elect to update forward-looking statements at some point in the future, we specifically disclaim any obligation to do so, even if estimates change; and therefore, you should not rely on these forward-looking statements as representing our views as of any date subsequent to today.

Without further delay, I would like to turn the call over to E.Y. Snowden. Please go ahead, E.Y.

E. Y. SNOWDEN, PRESIDENT & CEO, **BOSTON COMMUNICATIONS GROUP:** Thank you,

Peter. And again, welcome to **Boston Communication Group's** fourth quarter and year end 2003 conference call. We're pleased to be talking with you today about our fourth consecutive quarter of record-breaking earnings and a record-breaking year for bcgi.

Our GAAP earnings per share of 24 cents this quarter were up 135 percent over the prior year's fourth quarter. Our 2003 GAAP earnings per share of 87 cents were up 381 percent over the prior year, and in the days when we would describe pro forma earnings excluding legal costs, we would have said we earned \$1.00 per share this year.

2003 corporate revenues of 103 million were up 46 percent over 2002, and this translated directly into another 5 million of free cash flow for the quarter, bolstering bcgi's already strong balance sheet to record financial strength of 66.5 million in cash and investments.

Our net subscriber additions on the prepaid platform for the quarter were 217,000, slightly ahead of the guidance we provided in October, 2003. As we described in our last quarterly conference call, we anticipated lower than normal holiday period adds, due to many carriers focusing their marketing strategies on attracting and retaining post-paid subscribers in the wake of wireless number portability, as well as next generation data applications. Our Q4 subscriber growth was aided somewhat by the reduction in our average monthly churn rate to 8.8 percent, down from 9.6 percent per month last quarter and an improvement from the 9.2 percent per month rate in the fourth quarter a year ago. So for the full year 2003, we added just over 900,000 subscribers, increasing our base 31 percent from year end 2002.

Over the course of the past year, as we have talked about our strategic initiative to diversify our customer base, we have often mentioned Nextel Communications and the extraordinary success they have had with the Boost Mobile lifestyle based brand, targeted towards the youth market in California and Nevada. A few months ago, Nextel publicly described a limited geographic expansion of this prepaid wireless offering in 2004, and today, we are happy to announce the signing of a multiyear contract for bcgi to support this expansion.

We don't have any other specific customer news to share at this time, and we have not included any other major prepaid customer wins in our guidance, but the state-of-the-art capabilities of our prepaid platform, further enhanced by our recent announcement of our certification of interoperability for bcgi prepaid wireless on GSM networks utilizing CAMEL standards for intelligent networking, positions us favorably for future wins in the growing prepaid and hybrid billing space.

This important Nextel win is but one prong of our revenue diversification initiative, albeit an important prong. Over the course of the last three years, we've built a sizable and profitable business serving the regional wireless carriers in America. Initially, we targeted this segment with prepaid wireless, and succeeded in taking some share from the incumbent suppliers in this space. Then, with the acquisition of Infotech Solutions Corp. last year, we added the feature-rich Voyager postpaid billing and customer care solution to our offering, and have created a technological competitive advantage over the other providers to the regional markets. We are very pleased that our performance in this initiative has exceeded our expectations and that our product set and skilled sales organization have created a richer pipeline of new business in this diverse market than ever.

As we have discussed in the past, underlying the real-time services that bcgi provides wireless carriers, our unique technology and service model have given us a platform with distinct competitively differentiated capabilities in the transaction processing space. We believe that we are alone in yearly transacting billions of micro payments, averaging about 50 cents per transaction, all done in real-time at carrier class standards of reliability with significant transaction complexity. These are the strong capabilities we are leveraging into new business opportunities where bcgi can extend our leadership.

The payment services business we began a year and a half ago is a good example of this important diversification for bcgi. In particular, we believe that the introduction of ATMs as a convenient and low-cost method of replenishing wireless accounts is a solid bet, given their proven success overseas and America's strong fundamentals of broad ATM deployment and a growing prepaid wireless customer base. The unique deal we announced this last quarter with ACI, enabling bcgi to perform wireless account recharge on base 24 -- the ATM processing software for the majority of large banks in America -- smartly leverages our strength in prepaid wireless into the leadership position in this new, high-growth transaction processing opportunity.

On top of the successful diversification initiatives that we have already brought to market, we've been developing entirely new product offerings that we believe have the opportunity of creating a large new category of enhanced services in the wireless communication market. You will be hearing more about them as we launch service in 2004.

And finally, while we believe our internal product diversification efforts are unparalleled, and we have achieved much success and expect more success in customer diversification, strategic acquisitions continue to be a key element of our diversification strategy. I should note that as a company, we have had fairly strict criteria as to the types of acquisitions we consider, and have only pursued acquisition opportunities that we believe will contribute valuable synergies and financial results at reasonable prices. Because we have tried not to drift from this criteria, we did not participate in the flurry of over-valued and under performing acquisitions that occurred in the recent past.

As valuations have rationalized, however, we see the opportunity for future acquisitions, like our Infotech transaction last year, that fit well with our strategy and can be integrated and leveraged effectively into our business. Although we currently do not have any commitments with respect to any potential acquisitions at this time, we believe that the right opportunities will help us successfully achieve our diversification goals more quickly. We are fortunate to have very strong financial position, with over 66 million of cash and strong free cash flow to take advantage of these opportunities.

As we continue to execute on our strategy and deliver strong financial results, our management team and our dedicated employees remain very excited about our product suite and the growing growth opportunities that lie ahead for bcgi. We are as committed as ever to the success of bcgi, and are aggressively working to sustain our leadership position in real-time transaction processing now, and into the future.

Now I would like to hand the call over to Karen Walker, our Chief Financial Officer, to discuss our financial performance and guidance.

KAREN WALKER, CFO, BOSTON COMMUNICATIONS GROUP: Thank you, E.Y. During the quarter our consolidated revenues totaled \$26.2 million, reflecting a 24 percent increase over Q4 '02. Sequentially, consolidated revenues were 5 percent lower due to a decrease in our roaming services and systems revenues. Consistent with our guidance, GAAP net income was 24 cents a share, which included 3 cents a share in legal charges related to Freedom Wireless. Our annual GAAP earnings were 87 cents, which was in line with guidance and more than 4 times our 2002 annual GAAP results.

Total BTPS revenues -- which include prepaid wireless services, payment services, and Voyager billing and customer care -- were \$24.7 million for the quarter, a 38 percent increase over Q4 '02 and consistent with Q3 '03. The year-over-year increase in revenues and our ongoing success at effectively managing and leveraging our costs, contributed to BTPS gross margins of 78 percent, up significantly from the fourth quarter 2002 margins of 73 percent. Additionally, cost management and certain non-recurring reductions in cost of services during the fourth quarter resulted in higher sequential gross margins.

Average billed minutes of use per quarter decreased sequentially by about 3 minutes to 110 minutes, and increased approximately 5 percent compared to Q4 '02. Reasons for the decrease include the timing of subscriber additions, as most of our additions came in the last two weeks of the quarter. Additionally, we have seen cannibalization of voice traffic by data as carriers promoted data services more heavily. For such data services, we currently earn revenue based on transaction fees.

One of the nice parts about bcgi's economic model is that without substantial minute growth, there has not been an effective price decrease. Hence, our average billed rate per minute was about flat for the third consecutive quarter, as billed MOUs were essentially unchanged.

Churn for the quarter came down to 8.8 percent per month from 9.6 percent in Q3. It was also lower than the 9.2 percent churn we saw in Q4 '02. The decline represents an expected seasonal decrease. Prepaid systems revenues were \$902,000 and lower than expected, principally because of orders during the quarter that did not meet our revenue recognition criteria, and are therefore expected to be recognized in Q1. Lower revenues resulted in lower than typical gross margins of 29 percent, principally driven by fixed costs that are not absorbed on lower sales.

ER&D expense was relatively consistent sequentially in terms of dollars and percent of revenue. As we have stated, our success has been, and we believe will continue to be, predicated on operating leading edge features and functionality. This requires ongoing investment in ER&D.

UNIDENTIFIED SPEAKER: 14.3 actually.

KAREN WALKER: Additionally, our product diversification strategy is being achieved through investment in new product offerings that we are very excited about. We believe that our ongoing innovation and corresponding investment in new products and rich features will continue to drive our success in the marketplace.

Both sales and marketing and general administrative costs decreased during the quarter. These declines are principally due to our continued focus on cost management; however, we do expect that our cost in these areas will increase in Q1 as we invest in supporting our expanded relationship with Nextel, in addition to promoting new products and features.

Our balance sheet only continues to strengthen, as our solid profitability and free cash flow contributed to an expected \$5 million increase in cash and short-term investments, bringing the December 31st cash and short-term investment balance to about \$66.5 million. For the full year ended December 31st, 2003, we generated approximately \$11.4 million in free cash flow, even with our higher than typical CapEx investment. Capital expenditures totaled \$6.2 million for the quarter, bringing our year-to-date total to \$33 million. This exceeded our CapEx guidance by about \$1 million, since we took advantage of certain vendor discounts at year end. While our DSO increased to 67 days as of December 31st, 2003, from 63 days at September 30th, we remain pleased as this is well within our DSO target range.

As we have previously discussed, our roaming service business revenues have continued to decline as there is less of an industry need for the service. Roaming services was one of our initial innovative solutions we pioneered for the wireless industry, that created over \$80 million in profits for wireless carriers over the course of its life. Although we have successfully managed cost to profitably provide the service to our carriers, its revenue has diminished to a point below which we can operate the business profitably. Thus, we will be discontinuing this business and we expect that operations will be completely wound down in the first half of 2004. We do not expect any material cost to be recorded to shut down operations.

Our legal expenses during the quarter for Freedom Wireless were in line with expectations, having incurred \$1 million in legal costs related to the case. Going forward, we expect to continue to incur on average about \$1 million per quarter until the matter is resolved. However, the expense may vary from quarter to quarter, depending upon the procedures that take place in any given quarter. Accordingly, we expect that Q1 '04 legal charges will approximate 3 cents per share.

Furthermore, we continue to remain confident that we do not infringe the Freedom Wireless patent, and the patents are invalid and unenforceable in light of prior (indiscernible) and other reasons. We believe that our case continues to progress well, and there has been no change to our position on the case. In addition, various summary judgment motions have been filed by both parties in the case, and the Court is expected to rule on those motions in the normal course of proceedings.

Now I would like to spend some time talking in more detail about our outlook for the first quarter of 2004. As we noted on our last conference call, we will not be providing annual guidance for '04; however, we will be providing quarterly guidance until we gain more clarity on our Verizon relationship.

We expect the first quarter GAAP earnings to range between 19 and 21 cents per share, including legal charges of approximately 3 cents per share. This sequential reduction is principally due to additional costs required to support Nextel's expansion, as well as increased investments in R&D and marketing to support our launch of new solutions and features in 2004. We also expect that our consolidated revenues will be consistent with the fourth quarter of 2003.

We anticipate that our net subscriber additions in the first quarter will range between 50,000 and 100,000, as carriers continue their emphasis on wireless local number portability and data services. Our average billed MOUs and price per minute are expected to remain consistent with Q4 levels. Additionally, we expect a slight decrease in churn.

As we ramp up our infrastructure for our new products and the additional markets that Nextel plans to launch, we expect that gross margins for BTPS will decrease to about 74 to 75 percent for the first quarter. We anticipate that ER&D, sales and marketing, and G&A expenses will be up over Q4 both in dollar and percentage terms, reflecting the investments we have discussed.

Capital expenditures for 2004 are expected to be around 17 to \$18 million, significantly lower than 2003. The decrease compared to '03 is mainly due to the purchase of our state-of-the-art datacenter and administrative facility, as well as continued careful and prudent analysis of our capital investments. It is important to highlight that of our projected CapEx spend for 2004, almost 50 percent of it is earmarked to support new initiatives, including new products, features, and Nextel's launch. We are forecasting approximately \$5 million in the first quarter for CapEx.

As a result of the purchases we made in 2003, we expect that depreciation expense will increase to almost 20 percent of revenues in Q1 '04. As a result of capital investments in Q1, as well as the timing of certain accrual payments, we expect that our cash balance will remain unchanged in Q1.

Today's announcements offer many validations regarding bcgi's strategy and long-term success. Specifically, our expanded relationship with Nextel is the most recent example of our customer diversification strategy, and it reaffirms our competitive advantages as well as our business model. Additionally, the financial might of bcgi continues to strengthen, enabling us to invest prudently in our future while leveraging our skills and assets to deliver earnings to our shareholders.

We at bcgi remain very excited about the opportunities that lie ahead, and we look forward to sharing those results with you.

Thank you for your time today. I would now like the operator to turn the call over to questions.

OPERATOR: (OPERATOR INSTRUCTIONS). Steve Levenson, Advest.

STEVE LEVENSON, ANALYST, ADVEST: I saw your 8-K on the Nextel contract, and that sounds great. Can you give as any details as far as the number of markets you expect them to roll out?

E. Y. SNOWDEN: No, we can't talk about their launch any more than they have talked about (indiscernible).

STEVE LEVENSON: Can you tell us is this a SIM Card-based solution, and will your method of billing change at all?

E. Y. SNOWDEN: No, the launch at this time is still on our existing technology. And as you know, we have had SIM in development.

STEVE LEVENSON: The last question is on Verizon Wireless -- has the trial begun yet?

E. Y. SNOWDEN: Well, we're not able to comment on specific carrier information that the carrier has not publicly disclosed.

STEVE LEVENSON: So as far as the trial beginning in 2004, that's still consistent with what's going on?

E. Y. SNOWDEN: Yes. That's -- what they have stated still remains the case. We are only one month in, so we continue to support them with high-quality products and service, and reaffirm that what we do and how we do it is done with unique capability and requires unique strengths that are not found in other places.

STEVE LEVENSON: So that means you are still adding new functions and services to what you have been providing in the past?

E. Y. SNOWDEN: That is absolutely right.

STEVE LEVENSON: Thank you very much.

OPERATOR: Duane Pfennigwerth, Raymond James.

DUANE PFENNIGWERTH, ANALYST, RAYMOND JAMES: I was wondering if you could comment at all about your prospects for (indiscernible)?

E. Y. SNOWDEN: I missed the end of that. For Cingular, you say?

KAREN WALKER: Hello?

OPERATOR: I'm sorry, his line has disconnected.

Ben Abramovitz, The Jeffries Company.

BEN ABRAMOVITZ, ANALYST, JEFFRIES & CO.: I guess -- it sounded like someone was asking

about any color on Cingular. So I guess -- that wasn't my question initially, but if you have any color you could give us there, that would be appreciated.

E. Y. SNOWDEN: No, as I described in my section, we don't have any other announcements to give about any other customers at this time.

BEN ABRAMOVITZ: Fair enough. Let me go on to some of the other questions. First question was -- could you give us some idea of what areas you might be looking at for some of the product diversification, in terms of what you are thinking to help diversify some revenues for the Company?

E. Y. SNOWDEN: I obviously would not want to point directly to the targets that we are specifically looking at, but I would highlight, as I did, that we indeed are looking at things that specifically leverage the skills we have -- complicated transaction processing, high-volume, real-time, low-cost. That's us. That's what we do better than anybody. There are, we believe, a range of things that are evolving, and frankly, new opportunities that are fresh and growing that in fact require those skills. So there are some unique opportunities, we believe, to apply these skills and capabilities beyond wireless communications in a way that is pretty directly leveraging the skills and assets we have in place today.

BEN ABRAMOVITZ: A follow up on an earlier question. The multiyear contract with Nextel -- does that cover both the current solution they're using, as well as if they choose to go to a SIM-based solution? Or would we have to go back and amend the contract if they choose to go with the SIM-based solution?

E. Y. SNOWDEN: No, the contract anticipates technology types of the future, as well as for today.

BEN ABRAMOVITZ: Thank you very much.

OPERATOR: Duane Pfennigwerth of Raymond James.

DUANE PFENNIGWERTH: Can you hear me okay? Sorry about that. I'm wondering -- you spoke a little bit about potential acquisitions, and how that might fit with your strategy. I was wondering if you could provide a little more color into type what types of acquisitions, I guess, functionally might make sense for you?

E. Y. SNOWDEN: Again, I don't want to spend too much time on the specifics of exactly what we're looking to do in our acquisition, because that, obviously, highlights both expectations that we should not set at this time, as well as the specifics of targets that we're looking at. But payments is an area that is rich with technological innovation today. The simple fact of the fact that payment networks are fairly high cost, so that you see credit card networks today operating with transactions basically uneconomic below \$10. (Indiscernible) shed light on where opportunities may come when you find a network like ours that's economic all day long at 50 cents transaction values -- notably, the billings of calls we've processed, the short messages we transact, the purchases of goods over the Web, the data sessions that we enable, all being done in real-time at a very low-cost. So we look at these skills, we look at these capabilities, and we believe that the evolving world of payments, the evolving world of stored value, our things that have very exciting new growth opportunities -- some of them, yet, very early stage -- where these skills and capabilities map quite well.

DUANE PFENNIGWERTH: Thank you. Very quickly, if I could just ask another question. I was wondering if you could provide an update on Alltel?

E. Y. SNOWDEN: Alltel has been doing quite well with their program. I think it was in the fourth quarter of last year that they added Sam's Warehouse Clubs to Wal-Mart stores,

expanding some of the presence. And it is a very nice service for them. But again, I look to them to talk with the public about their program and how well it is doing specifically.

OPERATOR: Scott Sutherland, Wedbush Morgan Securities.

SCOTT SUTHERLAND, ANALYST, WEDBUSH MORGAN SECURITIES: A couple of questions. First, can you talk about trends you're seeing in minutes of use and pricing, maybe longer term? A little surprising to see minutes of use flat, but yet pricing, you guided to a stable pricing environment.

KAREN WALKER: Sorry, are you talking, Scott, as far as trends going forward?

SCOTT SUTHERLAND: Yes. Going forward more than just one quarter, longer-term. (indiscernible) interesting how pricing, actually -- you held that stable, but minutes of use was flat in the fourth quarter.

KAREN WALKER: It was actually down slightly. Oh, total minutes. Total minutes were flat, but the average minutes per subscriber per month was down slightly. So, as you now, all of our contracts have secured pricing structures. So as carriers drive more minutes to the platform, their cost to serve those minutes declines. But since there wasn't any significant decline in minutes, there was no need to have a pricing decline based upon those schedules. So that is the primary factor there. As far as looking out, we have always felt that there is more room to grow with minutes of use, but yet we have always been fairly conservative about our forecasting of those numbers, because it's really in the carrier's control. What we saw this past quarter was that the carriers added most of the subscribers in the last two weeks of the quarter, which that skews the averages overall. And they also were heavily promoting data services, which transfers revenue away from minutes of use to transaction revenue for us.

SCOTT SUTHERLAND: And given the longer-term prognosis on minutes of use, if they start using more, do you see pricing going back to that 10 percent per year decline, or do you see more stabilization there?

KAREN WALKER: No, I would expect as we drive more minutes, the average pricing will come down. And we have typically guided in the past that pricing -- and pricing in reality has come down 20 to 25 percent year-over-year in some years, so we would expect similar trends. But having said that, even in light of those price decreases, we've typically always managed to expand our margins, because the cost of us serving additional minutes is incrementally extremely low.

SCOTT SUTHERLAND: A couple more questions. Can you talk about what you're seeing in Tier 2 and Tier 3 versus your competition, and maybe a little color on your converged billing solution? And lastly, kind of an outlook on your systems business. Is this something that you're investing in as well, or what are you looking for there?

E. Y. SNOWDEN: Sure, I will start with the Tier 2, 2 3. That's the regional market business that I described in my conversation at the outset of this call, and it's been a very good business for us. We did indeed, as we described a year ago, invest further by buying Infotech Solutions, their Voyageur billing and care platform adding to the prepaid platform we already had, now, a very nicely leveraged technology position. So that we are able to offer literally a distinct technical advantage over our competitors today in this space. We have gained share, and as a result, have exceeded our expectations. And that's nice news. It's good business, it's sustainable business. The real threat is really about consolidation of the industry, which is surely likely to happen over the long term. As you can appreciate, it has certainly slowed from the rate it had been occurring three years ago, four years ago. And at this point, it has been much more stable. In any event, the amount we have invested has been simply returned, and looks to be a very, very nice investment as we have gained share in this space,

and expect to continue to gain more going forward.

SCOTT SUTHERLAND: And the question on the systems business, how you're looking -- your outlook there?

KAREN WALKER: The outlook there, obviously, was a slower than expected quarter in Q4. And as I mentioned in my notes, some of that was due to an order that we had that we didn't recognize during the quarter. But that being said, that's still a bit of a lumpy business for us, although we have grown our recurring revenue base pretty significantly over the past several years. And we are currently evaluating our international strategy to see if we may play a stronger role in that going forward, but we have no additional color to add this point.

OPERATOR: Terry Connor (ph), Cedar Creek.

TERRY CONNOR, ANALYST, CEDAR CREEK: Two questions. First, I think we're in the early innings of this prepaid wireless ramp up, but is there any way you can get us comfortable, or what do you look at to get comfort that lower than normal subscriber additions wasn't the result of some kind of plateauing of demand or saturation, and it was just the shift in the market focus from the wireless carriers?

E. Y. SNOWDEN: Sure. I think, as we described in more length a quarter ago, the factors that carriers have on their plate that we had anticipated would take some focus away from prepaid are pretty strong things. Number portability has been a pretty big deal. Obviously, it's done some very diverse things to one carrier versus another in the industry. And probably just that reality that we have now seen has been the cause for people to be concerned about it at the outset. So they worked, they spent time, they have focused on it and continue to do so at this time. But the drivers of ultimate demand for a contract-free proposition, that by definition has the opportunity to do all of what -- technologically, that a full contract proposition may do -- and frankly, has all the ability to do it at the economics that the contract proposition may do it -- has much larger potential than the states has currently delivered. As you appreciate, country after country around the world has gotten to penetrations of over 50 percent prepaid of their total wireless base today, and in the U.S. we are under 10, still. So the fact it's now taken hold in the last couple of years, that some carriers have figured out well how to do it and how to do it economically. Some of those carriers -- a few of them, publishing their results, so that the economics are known. And, obviously, in this competitive space, not a lot of people are prone to do that, other than to the degree required by financial disclosure requirements. So all of those fundamentals remain true, remain holding here. And as we have guided, we believe this is a refocus at this time on these other product offerings. There are, obviously, players who are not sort of focused elsewhere at this time. As I described, the truly phenomenal success that Nextel has had in California and Nevada alone for their effort over the last year has been something that's a hallmark of a company that is not focusing elsewhere. And their limited geographic expansion is the indication of their further intent to go with that product.

TERRY CONNOR: The second question would be could you generally -- I assume that your cost curb is sort of front-end weighted on this Nextel expansion, and that the revenue curb is back-end weighted? Can you put some parameters -- first of all is that true? Secondly, could you give us an idea how you expect this to ramp over months, quarters, years, in both expenses and revenues?

KAREN WALKER: Your assumption as far as the expenses being front-end loaded are correct; anytime we launch a (indiscernible) new carrier, expand geographically, it requires a fair amount of upfront investment for us in resources and so forth. Having said that, the benefit comes later, and the benefit comes when we are able to plateau those costs. The continued expected increase in revenue creates high incremental gross margins, which has been the beauty of our financial model over the history of bcgi, as you can see. As far as specific

commentary about Nextel's plans and how that would specifically drive Nextel, we are not able to comment on any other specific aspects of the contract at this time.

TERRY CONNOR: Can you generally, without talking about Nextel, give us an idea of what's the investment period for something of this order of magnitude? Is it 2, 3, 4 quarters? Is it 10 quarters?

KAREN WALKER: It depends on the expense of the expansion and the timing of the rollout. And keep in mind, our investment in -- as we have described, our investment is increasing this quarter; it's not strictly to Nextel, it's also because we have got a number of new product initiatives and other things going on with the organization that are critical to our success, and require resources to execute on successfully. But it really just varies from carrier to carrier. We have been -- become much more efficient in our delivery of services over the years, too. So we have been able to streamline our expenses a fair amount as we launch new carriers, and have offered updates and new generations in our technology and so forth. But I can't really comment any more specifically than that.

OPERATOR: Tavis McCourt, Morgan Keegan.

TAVIS MCCOURT, ANALYST, MORGAN KEEGAN: A couple of questions. First, I apologize if you answered this, I missed the first part of the call. On the Nextel contract, is that just for the next phase of what they are doing with Boost Mobile, or does that cover anything that they will do in the future with Boost Mobile? Or can you comment on that? And then secondly, you put a press release out a couple of days ago on getting GSM interoperability, I think it was in relation to Nortel switching (indiscernible). I guess my question is -- have you been prohibited from bidding in the past with GSM carriers? Is this a big deal internationally or domestically as you look to grow the business on the GSM side?

E. Y. SNOWDEN: Let's see. The Nextel contract -- as you know, none of our contracts have exclusivity in them, and that is true with this one as well. But as we described, this is a multiyear contract for us to provide support for their geographic expansion. So we are quite happy about that. For GSM, quite the opposite of prohibited; we in fact serve five GSM carriers today, including the Nextel nationwide network, which has a GSM underpinning underneath its iden application on top. So we believe we are quite skilled at GSM. Obviously, the announcement we made is a clear affirmation of that, as we have been certified for the CAMEL standard globally, which is the state-of-the-art IN standard for GSM prepaid wireless.

TAVIS MCCOURT: Thanks and congratulations.

OPERATOR: Manny Recari (ph), First Albany Capital.

MANNY RECARI, ANALYST, FIRST ALBANY CAPITAL: Two questions. One, can you talk a little bit about churn, why did it come down in the quarter and why do you expect it to come down in the first quarter? And I think, E.Y., you had mentioned during your prepaid (technical difficulty) remarks about the pipeline is rich. What pipeline are you talking about, your product pipeline?

E. Y. SNOWDEN: Let me start with that one, because it's fresh as you described it. That was -- specifically the pipeline I was referring to was the regional market carriers, the Tier 2 Tier 3 carriers of America where we have had a nice time, as we have described, and enjoy at this moment technological leadership that is allowing us to take share.

KAREN WALKER: The churn question, it came down from -- to 8.8 percent, which is pretty typical with the seasonality of prepaid, where -- keep in mind, in the third quarter, we did not add any subscribers. So the churn was higher, as we expected it to be higher -- not to that extent. But because of the third quarter being a slow seasonal quarter, with things picking up

In the fourth quarter, it tends to reduce churn correspondingly. And we are forecasting just a slight decline in churn in Q1, which is also pretty consistent with the seasonality of churn that we have seen in the past.

OPERATOR: Sirab Matal (ph) of Fairlawn (ph) Capital.

SIRAB MATAL, ANALYST, FAIRLAWN CAPITAL: Congratulations on a great quarter. I had a couple of quick questions. First, has Verizon indicated anything more to you guys since like a couple of quarters ago, when you had updated us on their desires to potentially hold a trial? Have you guys been informed about a trial, or are they just quiet about it right now?

E. Y. SNOWDEN: We don't comment on the specifics of -- we work with this customer, of course, everyday. They are our largest customer. And as we have described in the first questions that were asked by Steve Levenson, there is work we continue to do for them on the platform that they operate with us today. But as we described in that announcement in July, they are anticipating to conduct trials beginning in 2004. And here we are, February 3rd.

SIRAB MATAL: And you haven't heard anything since then? So February 3rd, you have not been notified of a trial?

KAREN WALKER: As E.Y. said, we don't have anything more to comment on. We have ongoing discussions with Verizon, but there is no change to what we have communicated in the past as far as the trial expecting to take place sometime this year.

SIRAB MATAL: Recently some of the other service bureau companies like Convergence have been able to retain clients by having a reasonable price cut or some sort of a discount upfront. For example, Convergence with the Sprint PCS and stuff. Is there any reason to believe that you guys may be hampered in that, or you would not have the flexibility to do something like that?

E. Y. SNOWDEN: No. There is no reason to believe that we would be hampered in an ability to do that.

KAREN WALKER: As we have talked about the leverage that we have with our fixed cost structure and our ability to drive pricing down, and still have very healthy margins if not expanding margins, there's a lot of room to move on price.

SIRAB MATAL: Absolutely. Final question. You guys have been talking a little bit about acquisitions and stuff. What we were wondering is, given \$60 million of cash on balance sheet, could we expect you to do a little bit of stock buyback, maybe to support existing shareholders like ourselves?

KAREN WALKER: I made comments to that on our third quarter call, and our feeling there is that -- we feel that our stock has very good value, so our decision not to do a stock buyback at this point has nothing to do with the valuation of the stock, it has to do with our diversification strategy and our need to do some meaningful acquisitions. Because at the end of the day, whether Verizon stays or goes or whatever happens, we still have a diversification issue that needs to be addressed. And the best way to address that is what we're doing internally as far as investing in new product development, but also looking to other opportunities to quickly and prudently expand our revenue base and diversify it.

SIRAB MATAL: Sounds great. Best of luck for the next quarter. Thank you.

OPERATOR: (OPERATOR INSTRUCTIONS). (Indiscernible), (Indiscernible) Capital.

UNIDENTIFIED SPEAKER: Back to Nextel and Verizon. From the 10-Qs and 10-Ks, it looks like Nextel had 250 subs in prepaid. And I believe Verizon had like 2.5 million. What kind of ramp do you need from Nextel to get to that 2.5 level, if suppose Verizon goes (indiscernible) from you guys?

KAREN WALKER: We can't talk specifically as far as the limited geographic rollout, but if you applied what Nextel has achieved as far as population penetration in California and Nevada over the first year that they launched their service with Boost Mobile, if you applied that same metric and analysis to a nationwide rollout -- just for example -- you would come close -- you could easily get to 2 million subscribers within a year.

UNIDENTIFIED SPEAKER: When did they start the service (indiscernible) it was, like, September of 2002 or something?

E. Y. SNOWDEN: That's right, but obviously it accelerated as they launched their service and gained momentum. I think you could refer to their public announcements and hear that they added 30,000 subscribers in the first quarter, another 30 in the second; it jumped up to 60 some-odd in the third, and 102,000 in their fourth quarter service, which was this third quarter ended October -- sorry, ended September 30. So which rate do you want to use, the full year or the rate they are operating at by one year into the service? 100,000, 102,000 subscribers in a quarter on a California Nevada trial is pretty good numbers. California, Nevada you could presume constitute a little over 10 percent of America's population.

UNIDENTIFIED SPEAKER: And how much is Nextel as a percentage of revenues? Is it, like, 10 percent, or lower?

KAREN WALKER: It has not been disclosed as a 10 percent customer.

UNIDENTIFIED SPEAKER: And back to Verizon. Going to the previous question -- they have not talked to you after what they indicated to you in July? They have been totally quiet?

E. Y. SNOWDEN: It's our biggest customer, we work with them everyday. Obviously, we have communications with Verizon Wireless as we have helped to increase functionality of the platform and other things. The simple fact is with regard to the request for a trial, we made a declaration of that request as soon as we got it back in July, and there has been no update to that information.

UNIDENTIFIED SPEAKER: So do you know if there is a trial going on right now, or there is no trial going on at the moment?

E. Y. SNOWDEN: We can't comment. As we described in that release in July, (indiscernible) request to help them with a trial in 2004. It's February 3, 2004, and there's no change to what we have described.

OPERATOR: At this time, there are no further questions. Mr. Snowden, are there any closing remarks?

E. Y. SNOWDEN: There are indeed. I want to thank you all for joining us today. It's been another successful quarter for us, and as you can hear, bcgi is a company that is well positioned in one of the most attractive segments of the wireless industry, and is leveraging that positioning into new, attractive areas to compete. We'll use our strength, our resources, our unique assets, skills and experience, to continue to build value for the shareholders of bcgi. Thank you for your time.

OPERATOR: Ladies and gentlemen, this concludes today's bcgi fourth quarter and earnings conference call. You may now all disconnect.

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HEADLINE: Q4 2004 **Boston Communications Group** Earnings Conference Call - Final

BODY:

OPERATOR: Good afternoon. My name is Vonda, and I will be your conference facilitator. At this time, I'd like to welcome everyone to the bcgi fourth-quarter and 2004 year-end conference call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer period. (OPERATOR INSTRUCTIONS) Thank you.

Ms. Garland with Financial Relations Board, you may begin your conference.

SUSAN GARLAND, IR, **BOSTON COMMUNICATIONS GROUP:** Thank you, Vonda. Good afternoon. By now, you should have had a chance to review today's press release. If anyone still needs a copy, please call us at 212-827-3777 and request a fax or e-mail. Alternatively, you can view and download the release at the Boston Communications corporate website, www.bcgi.net.

On the line with us today are E. Y. Snowden, President and CEO, and Karen Walker, CFO of **Boston Communications Group**. Please note that management is happy to speak privately with investors and analysts regarding overall strategy, industry trends, in historical issues. However, more specific questions regarding updates on financial guidance or other material information will only be discussed on widely disseminated press releases or via open conference calls such as the one being held today.

I would also like to caution everyone that various remarks that the Company may make about the Company's future expectations, plans, and prospects constitute forward-looking statements for purposes of the Safe Harbor provisions under the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those indicated by these forward-looking statements as a result of various important factors, including those discussed in the Form 10-Q for the quarter ended September 30, 2004, which is on file with the SEC. In addition, any forward-looking statements represents our views only as of today, and should not be relied upon as representing our views as of any subsequent date. While we may elect to update forward-looking statements at some point in the future, we specifically disclaim

any obligation to do so, even if our estimates change. And therefore, you should not rely on these forward-looking statements as representing our views as of any date subsequent to today.

Now I would like to turn the call over to E. Y. Snowden. E. Y., please go ahead.

E.Y. SNOWDEN, PRESIDENT, CEO, **BOSTON COMMUNICATIONS GROUP**: Thank you, Susan, and welcome to **Boston Communications Group's** fourth-quarter and year-end 2004 conference call. During our time with you this afternoon, we will be discussing some of the drivers behind our results for the quarter and the year. In addition, we will share updates on key aspects of our business and give you some insight into strategic initiatives underway, including further information on the progress and success of our diversification efforts.

Before I go into detail about fourth-quarter initiatives, I would like to highlight certain aspects of our annual and fourth-quarter performance. First of all, we finished the year 2004 with record revenue and profit. And there aren't many companies that get to say that. Net income for the year totaled \$17.2 million, representing a 7 percent increase over 2003. Free cash flow for the quarter was 5.3 million, helping to end the year with a record 77.8 million in cash on the books, even with a 17 percent annual increase in engineering research and development expenditures plus our investment of 8.2 million to repurchase bcgi stock.

Revenue for the year ended December 31, 2004 totaled \$107.9 million, representing an 8 percent increase over 2003. And finally, while fourth-quarter aggregate revenues from Verizon and Cingular were down 16 percent sequentially, our continued success at achieving growth from business outside of these 2 customers contributed to a fourth-quarter corporate revenue sequential decrease of only 4 percent.

Beyond demonstrating a strong year and quarter for bcgi, these accomplishments equally reflect our ability to further strengthen the foundation of our Company and the core elements that drive long-term, sustainable growth. We continue to diversify our revenue sources and strengthen our balance sheet, even while investing prudently in growth areas of our business.

In the fourth quarter, we took additional steps to diversify our product portfolio and revenue sources, enhance our existing products and technology offerings, and bring new products to market. Among these initiatives were 3 key efforts that I would like to discuss in greater detail. They are -- enhancements to our Mobile Guardian product; the establishment of a Professional Services Group; and a small, yet strategic, acquisition that availed us of some highly complementary technology, software development skills, and expertise.

I will start with our efforts around Mobile Guardian. During the fourth quarter, we continued to enhance the capabilities of Mobile Guardian, what most of you know as a first-of-its-kind product that enables access management tools for consumers and enterprises who require dynamic control of how and when a wireless device can be used. As we have discussed on previous calls, there is a growing demand from operators and subscribers for capabilities that address the need for ways to manage access to Web-based mobile content. As the next generation networks and devices deliver an ever-widening array of advanced mobile content, including full-motion video, the pressure from consumers and potentially regulatory bodies on wireless operators to provide filtering capabilities is growing. We have already seen evidence of this in Europe, where regulation is driving operators to put in place filtering capabilities that shield subscribers from mobile content deemed inappropriate based on the subscriber's age or preferences.

Filtering capabilities such as these are a natural extension of Mobile Guardian's architecture. The product's existing functionality, namely Mobile Guardian's ability to employ subscriber profiles, to tailor service to individual needs, when combined with its developing ability to

dynamically identify and filter content, enable the most comprehensive solution for addressing global demand for access management capabilities.

With development of version 3 of Mobile Guardian nearing completion, we are well-positioned to provide enhanced content filtering capabilities to wireless operators this year. We believe these new content filtering capabilities and our pioneering role at the center of enabling access management tools combine to make us the de facto choice for wireless operators and subscribers worldwide seeking innovative ways to manage access to wireless services and Web-based mobile content. We're confident that our leadership position in this space will begin to translate into revenues in 2005.

And during the fourth quarter, we made a small acquisition of Arada (ph) Networks, Inc. Based in Hyderabad, India, Arada has developed very sophisticated technology for the funding of wireless accounts and enables a multitude of payment channels to support pre- and postpaid wireless service. Highly complementary to our existing payment and billing solutions, the Arada technology allows us to offer a payment platform to operators worldwide on a license sale basis, effectively extending for the first time the reach of our payment products and capabilities outside of the U.S. With the prevalence of prepaid plans throughout the world and subsequent demand for a robust portfolio of replenishment mechanisms, the acquisition fits very well into our diversification strategy and greatly expands the addressable market for our payment products.

Finally, to support our continuing efforts to offer an efficient license sale model for all of our products domestically and abroad, we have created a Professional Services Group. We aim to create enduring and partnering relationships with our customers. And this team will allow us to become greater strategic partners with them. As the mobile marketplace matures, operator pursuit of differentiation, more often than not, requires the rapid implementation of customized solutions. Our Professional Services Group allows us to be even more creative when designing solutions for our customers and be more structured and efficient when delivering those solutions. This supports both our manage services and managed license sales delivery models, and allows us to change the economics of how we charge for service and support in a way that is more beneficial to us than previously.

These efforts and others, including enhancements to existing products and the augmentation of our talented staff, are paying off. We continued to drive new growth from business other than that derived from our 2 largest customers, and the opportunity to enter new markets has never been greater for bcgi.

For many of you, these specific steps may appear to be relatively small efforts in the face of some looming challenges to our business. In and of themselves, they do not communicate sweeping change. However, taken in aggregate with the work we have done over the course of the last 2 years, you will see that a new bcgi has emerged.

To illustrate the point, I'd like to step back to the beginning of 2003, and then very quickly fast-forward through the past 2 years. Heading into 2003, we had just completed a year with 71 million in revenue and 3.4 million in net income. We were heavily dependent on 2 major U.S. carriers, with approximately 75 percent of our revenue coming from that business. We were known almost exclusively as an outsourced provider of prepaid wireless service, and faced a relatively mature domestic market that was still reeling from the telecommunications and dot-com crash, and headed for consolidation in 2004.

We devoted much of our efforts in '03 and '04 working to proactively refine our strategic direction, pushing incremental change throughout the entire organization, and achieving significant internal objectives. In under 2 years, we successfully transferred the proprietary technology we outsourced in support of the nation's top wireless carriers to create a licensed product to be offered both domestically and abroad.

We acquired the Voyager billing product and nearly doubled the number of customers on that platform. We centralized our licensed and international sales, support, and R&D efforts to efficiently leverage all of our resources and technology to enable the flexible delivery of our products. We expanded our product portfolio to include more complementary applications, enabling services and features that help carriers profitably meet the unique needs of their subscribers.

Following bcgi's tradition of value-creating innovation, as was the case with pioneering ROAMERplus and prepaid wireless in the U.S., we launched Mobile Guardian, and with it, created bcgi access management, and entirely new segment with global appeal and powerful growth drivers. And throughout that time, we continuously upgraded and enhanced our technological infrastructure and hired new skillsets to augment our talented workforce -- all the while, adding more than 50 percent to cash and short-term investments on the balance sheet.

Today, we are announcing the completion of the year 2004 with 108 million revenue, over 50 percent higher than what we were looking at 2 years ago -- and net income of 17.2 million, over 5 times what it was 2 years ago. Our revenue concentration with what had been historically our 2 largest revenue contributors has dropped by 20 percent. Our product portfolio is now available worldwide on a licensed basis. And we have restructured our organization, and continue to implement change to fully support the sale, deployment, and operation of our products on a global scale.

Next week, we will be unveiling a new product structure that represents the official rollout of a new mobile services platform which, in many ways, is the culmination of our strategic planning and much of our effort over the last 2 years -- the fruits of the very initiatives we have discussed with you on previous calls. It brings to bear all of bcgi's resources; to address demand for products that help wireless operators worldwide penetrate new segment and profitably provide advanced services.

We have added new products to our portfolio, and repositioned some to better serve operators' needs. And we look forward to unveiling it next week. We're confident that the opportunity it brings will be a major driver behind the success of our diversification and long-term growth strategies.

Though we are a different company today than we were 2 years ago, I want to be clear that our push into new markets with licensed products is in addition to, and not a move away from, our role as a leading provider of comprehensive, fully managed outsourced wireless services. Even with the decisions of some customers to develop and run in-house services which we provide on an outsourced basis, we have more confidence in our sound outsourcing business and its relative functionality and economic advantages for serving segments of the wireless industry. It is a business we know very well, and in which we have achieved a high level of success. And based on our expertise, technology, and commitment to enabling a profitable service for wireless operators, we can expect to continue to generate a majority of our revenue from it for the foreseeable future.

In support of that statement, I point to the success of certain programs supported by bcgi. In particular, we are extremely pleased with the growth of Nextel's Boost Mobile brand. Building on success in California and Nevada, Nextel launched Boost in 10 additional markets in 2004, making the product available for sale in a total of 12 U.S. markets covering a population of approximately 160 million people. As of December 31, 2004, Boost Mobile had signed up 1.2 million customers since its launch in September 2002, with 360,000 of these subscribers being added in the fourth quarter of 2004 alone. This rapid growth is testament to the widespread youth appeal for the Boost brand. And we look forward to continuing our support and success of Boost Mobile.

In addition, nowhere is the opportunity for our managed services model greater than in the high-growth mobile virtual network operator, or MVNO, space. Given their proven marketing muscle, MVNOs are well-positioned to profitably attract and serve targeted segments. But they can't do it alone. As resellers of network capacity that is purchased wholesale from a hosting carrier, MVNOs face an uphill battle when it comes to delivering service that lives up to their brand promise.

bcgi's legacy of deploying and managing advanced services in complex network environments combined with our innovative billing, payment, and access management products makes us the ideal partner for MVNOs. We are very well equipped and have a proven history of helping MVNOs overcome the challenges of integrating and deploying highly targeted services on a host carrier's network. Our technology and expertise directly addresses the challenges faced by MVNOs, including real-time usage rating and billing, account activation and suspension, the rapid introduction of value-added services, real-time account replenishment, fraud prevention, and customer and self-care, among others.

We have dedicated more than 2 years of effort to transforming our organization. And we're confident that those efforts and the strategy we are executing position us very well for success in 2005 and beyond. With that, I'd like to hand the call over to Karen Walker, who will provide you with updates on our financial results and outlook.

KAREN WALKER, CFO, VP - FINANCIAL ADMIN, TREASURER, BOSTON COMMUNICATIONS GROUP: Thank you, E. Y. In the fourth quarter, we increased our cash position, and delivered earnings ahead of our guidance while further diversifying our revenues. Though our total revenues were \$1 million lower sequentially, progress in our (technical difficulty) diversification strategy is becoming more and more tangible. Specifically, Verizon and Cingular combined represented approximately 55 percent of our revenue for the fourth quarter of '04, whereas they represented about 73 percent of our revenue in the fourth quarter of '03, all on relatively consistent consolidated revenue dollars.

Our net earnings were higher than the guidance we provided during our third-quarter conference call, principally due to revenues slightly exceeding our guidance, and costs that were expected to be incurred in Q4 being deferred to Q1 '05 and therefore below expectations. Additionally, we gained almost 3 cents a share, or about \$0.5 million, due to lower-than-expected income tax expense in the fourth quarter. This reduction resulted in a non-recurring benefit which was primarily due to a state tax investment credit that was earned in the fourth quarter.

Subscriber net additions were down about 135,000 for the quarter due to continued migrations and churn from Verizon and Cingular, but partially offset by the 350,000 net additions from Boost Mobile's program. This caused churn to come in at approximately 11.2 percent per month for the fourth quarter, up from 9.4 percent in the third quarter of '04.

Average billed MOUs per month increased to 111 minutes from 108 minutes in Q3. And our average billed rate per minute was almost 5 percent lower than the previous quarter. Consolidated gross margins of 76 percent in Q4 increased from 74 percent on a sequential basis due to non-recurring reductions in certain costs.

As we discussed on our third-quarter call, in conjunction with the closing of our Tulsa location, we are no longer reporting systems as a separate segment.

We continue to invest in product development for our new products and enhancements, resulting in our engineering, research, and development costs increasing about 10 percent in the fourth quarter compared to Q3. Legal costs associated with the Freedom Wireless lawsuit were up in Q4 to \$941,000 due to more expenses incurred to prepare for the upcoming trial

in February. Depreciation expense decreased sequentially as we had guided, principally due to the write-off of certain assets in Q3.

Cash and short-term investments increased \$6.9 million during the fourth quarter to a record \$77.8 million as of December 31, '04. For the year, we generated \$19.5 million in cash, even after our share repurchase of \$8.2 million.

CapEx for the quarter was \$5.1 million, at the low end of our guidance from the previous quarter, yielding annual CapEx of \$19 million. In addition, our DSO remained strong at 63 days at December 31, '04.

Additionally, and E. Y. mentioned, during the quarter, we acquired complementary new payment services products from privately-held Arada Networks. Not only did the acquisition provide us with key capabilities that enhance our ability to market and sell prepaid and related payment products domestically and internationally, it included the software development center in India which provides nice leverage to our cost structure. Although the specific terms of the acquisition were not disclosed, we paid just over \$1 million in cash for the asset purchase in the fourth quarter.

Looking ahead, as we integrate this acquisition, we believe it further strengthens our global product portfolio and creates opportunities for increased customer penetration. Additionally, while we are very excited about the long-term opportunities this transaction presents, we do not anticipate that the transaction will have a material impact on our '05 results.

Now, I would like to spend some time talking about our outlook. As we have previously stated, we currently do not have specific guidance from Cingular regarding the timing and rate of prepaid subscriber churn from their TDMA network. Additionally, although we do not have the specific migration schedule from Verizon, we still expect they will complete conversions off of our platform by Q3 '05.

Nevertheless, given our baseline of revenues and related trends, we are estimating that consolidated revenues will range around 23 to \$25 million for the first quarter of '05. Our gross margins are expected to decreased to about 71 to 73 percent in the first quarter, due to the lower revenues, along with additional costs for resources to support our license sale business and international expansion.

Our sales and marketing expenses are anticipated to increase by more than \$1 million in the first quarter of '05. The increase reflects our investment in our rebranding effort; our participation in two major tradeshows in Q1, 3GSM World Conference and CTIA; as well as our focus on expanding our product offerings on a global scale. ER&D and G&A expenses for Q1 are expected to remained fairly consistent with Q4.

As we approached the Freedom Wireless trial date of February 28, legal expenses are expected to increase to 5 to 6 cents per share in Q1 to accommodate additional hours and expenses to try the case. In documents that were made publicly available last week, we learned that Verizon Wireless, a defendant in the case, reached a settlement with Freedom and is no longer a defendant in the case. bcgi was not part of the settlement discussions, and the terms of the settlement are not public. It's important to note that, as we were not a party to these negotiations, we have not agreed to Verizon's settlement terms, and we do not believe that we have any indemnification liability towards Verizon's settlement.

This also does not change our position in the case. We remain that we do not infringe on the Freedom Wireless patents, and that the patents are invalid in light of prior art (ph).

Our capital expenditures are estimated to range between 4 to 5 million for the first quarter. And we expect to spend about 15 to \$17 million in '05. As a result, depreciation expense is

expected to increase to \$300,000 in Q1. The capital requirements are primarily to support new product offerings and ongoing technology enhancements to further advance our real-time transaction processing platform to support our Mobile Guardian, payments, licensing, and MVNO strategies.

We expect first-quarter GAAP earnings to range between 5 and 9 cents per share, including legal charges of approximately 5 to 6 cents per share. Principally due to the timing of certain year-end accruals being paid in the first quarter, we expect that cash will decrease about 2 to \$4 million in Q1.

Before turning the call over to questions, we would like to reiterate that the progress we are making to position bcgi as a global leader in real-time billing and payments as well as to make Mobile Guardian a category-leading solution is the result of our dedicated pursuit of our clearly defined diversification strategy. In 2005, we expect to maintain the accelerated pace of our development, sales, and marketing efforts to achieve our objectives. We will continue to manage cost through prudent investment in growth areas of our business, and work to further strengthen our balance sheet.

The economic strength of our core business enables us to be in a strong cash generation position, even while we work to build and grow our new initiatives. We're confident that the steps we have taken to broaden our market reach and the changes we have made to overcome specific business challenges have created significant new revenue opportunities for bcgi. We look forward to reporting our progress throughout 2005 and for many years to come.

Thank you for your time. And I would now like to ask the operator to open the call to questions.

OPERATOR: (OPERATOR INSTRUCTIONS) Peter Jacobson, Kaufman Brothers.

PETER JACOBSON, ANALYST, KAUFMAN BROTHERS: First, can you comment as far as any developments at Nextel relative to Sprint? And also what is going on relative to the evolution of the iDEN platform, and if there is a particular competitive advantage of bcgi relative to iDEN that potentially might be compromised if they move to a TDMA platform with Sprint?

E.Y. SNOWDEN: Peter, that is a question that I really can't answer for you, and that -- as you, I think, can appreciate -- our carrier customers prefer that we as a vendor to them don't comment on their specific business issues, specific technology issues, and other things. I can highlight with strength and confidence the very good news is, indeed, that we support the Nextel iDEN network today. We are unique in our abilities to do that, as you can appreciate. And of course, as you well know, we also serve, by the way, very large CDMA networks, too. So I think you are talking with a Company that is in a very strong situation with regard to potential ramifications of the completion of a merger.

PETER JACOBSON: Okay. Relative to Mobile Guardian -- I just want to be clear as far as how you're characterizing revenues in 2005. Are you saying that you're going to get some modest revenues, or do you feel that revenues might be perhaps significant in 2005? And at what point would you announce some specifics? For example, if you were to get some pilots going, would you intend to announce that, or would you intend to wait until perhaps you got to through a pilot stage and actually had a contract to ramp up with live customers?

E.Y. SNOWDEN: Good question, Peter, and appropriate, as we have talked about mobile Guardian over the last few quarters. I think I spent a fair bit of time at the end of the third quarter talking about the fact that as a result of how we serve large carrier customers with new product introductions, like Mobile Guardian is, that we don't have the ability to ever relay our involvement, even the signing of a contract, until such time as the carrier is ready

to announce that involvement, which is typically only at the launch of the service. They typically aren't interested in tipping the hand to their competitor of what it is they are intending to do in terms of new service. And that would be just what they would be doing if they announced even just the signature of a contract with us -- that may be the case.

So as we spent some time describing that we would not -- I can't anticipate that we would ever highlight the results or the conduct of just a trial -- or I think, what do you call them -- a market test or such of the platform; that we would come out with the shout that was coincident with the actual marketing promotion of the service that says we are indeed doing business, and doing business with this carrier.

So I think given that we haven't given guidance on '05 revenues past first quarter, in any event, we're not prepared to describe impact for the year. But we certainly do expect to generate revenue as I described in 2005 for Mobile Guardian. But we're not ready to talk about it other than that.

OPERATOR: Steve Levenson, Advest.

STEVE LEVENSON, ANALYST, ADVEST: In relation to the Arada acquisition and your plans to do some international products, do have to set up networks elsewhere, or will your current network tie in somewhere that the technology melds and you will be able to leverage that?

E.Y. SNOWDEN: Well, the software is available on a license basis as I have mentioned in the core of my discussion. And that is an exciting point -- that we in fact now have sophisticated payment capabilities ready to take and sell globally on a licensed basis. So we can operate on anyone's platform to whom we sell licensed software, and obviously, could operate and be hosted right here off of bcgl's platform with that licensed software which we have acquired.

STEVE LEVENSON: Okay. And secondly, have you projected a crossover point where the Boost net adds might exceed the Verizon and Cingular net reductions?

KAREN WALKER: We can't comment on that, since we don't have specific guidance from either Cingular or Verizon as to the rate of the churn that we will experience this year. (multiple speakers) But obviously, Boost is growing at a nice clip.

E.Y. SNOWDEN: I tried to do as much of that as I could just with last quarter in terms of describing the 16 percent sequential decline from Verizon and Cingular combined and yet only a 4 percent overall decline -- give some sense of the impact that's having.

STEVE LEVENSON: Okay. And has Verizon actually given you the formal 90-day notice yet?

KAREN WALKER: No, they have not.

OPERATOR: Tavis McCourt, Morgan Keegan.

TAVIS MCCOURT, ANALYST, MORGAN KEEGAN: A couple of quickies -- what was the ending sub count?

KAREN WALKER: 3.77.

TAVIS MCCOURT: And in terms of the Professional Services staff, where are you guys right now in headcount there? And where would you like to grow that to?

KAREN WALKER: I don't have specific headcount guidance to give you for Professional Services directly. But it's still a relatively small organization that is building as we generate more revenue opportunities for professional services.

TAVIS MCCOURT: And I was a little confused -- you mentioned some announcements next week that you plan to make. Is that new applications, or just announcing that your existing applications are now available in license form, or both?

E.Y. SNOWDEN: Both, Tavis -- and I apologize if I wasn't clear. It is a restructuring -- a new structure for the products which includes aligning some that we've had as well as some new. So keep your eye out -- our Web site redesign, as well as the availability of new information collateral, material, etc. And then obviously, off to some international events, as well as domestic CTIA event in March -- will be places where we will unveil this and have the marketplace able to see it in large scale.

TAVIS MCCOURT: And on the small acquisition you did in the fourth quarter -- was the technology directly related to your payment business? I was a little confused about what the technology enables you to.

E.Y. SNOWDEN: Yes, it's specifically a payment product -- brand of payment manager (ph). And it's a sophisticated platform available on a license sale basis or on a hosted basis here that enables this array of payment services and obviously, as a result of its license ability, extends our reach on a global basis with many of the sophisticated payment services we have provided so well here in America.

OPERATOR: Scott Sutherland, Wedbush Morgan Securities.

SCOTT SUTHERLAND, ANALYST, WEDBUSH MORGAN SECURITIES: First on your payments business -- you withdraw (ph) giving a revenue line for the systems business. But now, it looks like it's going to be increasing focus with this acquisition and going forward. So first, can you give a reason for that? And should we expect to see a payment licensing line, as well as a Professional Services line later this year when they do become significant?

KAREN WALKER: Yes. As it becomes material, we will break that out from a revenue line item basis. But obviously from segment requirements, that business was managed out of our Tulsa operations. And now that we have folded it into our Bedford, Massachusetts operations, it's no longer a distinguishable segment.

SCOTT SUTHERLAND: So do you have that number? And do you want to share it?

KAREN WALKER: No, we haven't disclosed that separately.

SCOTT SUTHERLAND: Okay. Your licensing payment products that you had out there in India -- is this an intelligent network product, or is it more of a core billing product?

E.Y. SNOWDEN: It's separate from network functionality. But it's a beautiful integration between carrier customer platforms and the payments networks. And if I get into much more detail than that, I'll probably exceed my specific technical knowledge. But it's not about IN. It was designed specifically, though, to work very well with a broad range of IN platforms around the world.

SCOTT SUTHERLAND: Yes, obviously, it's a big licensing market out there, and there are some big players out there. So what do you think the differentiation of this product will allow you to compete?

E.Y. SNOWDEN: I think actually in the specific space of payments, there aren't very many players, and they're not very big. There's a range of private companies and public company of our size that are competing in that space, other than what to some degree large-scale platform providers have built into their platform. And that is why we think this is actually a

particularly attractive opportunity to take advantage of specialized payment capabilities that can work alongside of and enhance, frankly, what limited payment functionalities many carriers are getting out of their integrated prepaid platform today.

SCOTT SUTHERLAND: Okay, 1 more question, and a few housecleaning questions. Mobile Guardian -- you had 3 updates on it, yet no customer announcements. Are these updates being driven by customers, or are you just seeing ways to enhance it?

E.Y. SNOWDEN: Sorry; or am I just doing ways to (multiple speakers)

KAREN WALKER: The software enhancements -- you're referring to version 3, Scott?

SCOTT SUTHERLAND: Yes; you have version 3 now and no customer announcements. I mean, are there some customers consulting you on maybe how this should be tweaked for the third version, or do you just see ways to update it?

E.Y. SNOWDEN: Oh, okay -- thank you very much. I apologize; I did not understand. Absolutely, we have had a great deal of conversation with industry. Recall when we introduced the product in March of last year, we loved it. It was Mobile Guardian. It was a unique functionality. And it was what the industry has called over time a profile server capability to do that unique profiling -- subscribers creating individual attributes that you may use to control real-time events. We were ahead of the industry in bringing that out.

As we got there and started to talk with carriers more about it, work with carriers in looking at their opportunity to evaluate, to determine their purchase of the platform -- as you appreciate, 3G is not new news. And what services 3G has enabled suddenly brings a slightly different issue than cost.

So if I were to describe what original Mobile Guardian was benefiting consumers with, cost control and access control, where you defined "access" as whom you are communicating with, and when you can communicate with them. What we found it was a very strong motivating force going on in the industry, already present in several international markets, and now, as you know, by the end of this last year, just now present in American markets with high-speed data -- in essence, your full speed of a high-speed cable modem or DSL line in the palm of your hand, going out with subscribers out the door -- brings the prospect of a whole new reason for a product like we had originally introduced, but an enhancement to it that could, in real-time, filter data and allow for the rating of that data to translate into access management.

And with that whole initiative, we have taken the carriers' thoughts and input from around the world -- not just domestically -- and again been ahead of where the industry is going in terms of integrating it all back into a suite for bcgi access management that we think will be a leader.

SCOTT SUTHERLAND: Okay, and the 3 quick questions for Karen -- what was the revenue concentration among your top 3 customers; what's your tax guidance for next quarter; and do you expect any legal -- do you expect legal being higher beyond Q1?

KAREN WALKER: Yes. So tax rate, we expect to be about 39 percent for '05. On the concentration, that is actually disclosed at the end of the press release. (multiple speakers) So I think we commented about Nextel being 22 percent -- and let me just make sure I'm reading you the correct numbers. Cingular was about 21 percent, and Verizon was at 34 percent.

SCOTT SUTHERLAND: Okay, and the last question on the legal expenses -- as the trial, from what I understand, might last 3 to 4 weeks. Do you think it could last longer?

KAREN WALKER: We don't have a timing as to the length of the trial. We've always guided that we would spend about \$1 million a quarter, but that that cost would vary from quarter to quarter, depending upon the level of activity during any quarter. So I would expect that on an annualized basis, that \$1 million a quarter is probably a reasonable estimate. Keep in mind that subsequent to the trial, there is likely to be appeals.

OPERATOR: Greg Gorbatenko, Marquis Investment Research.

GREG GORBATENKO, ANALYST, MARQUIS INVESTMENT RESEARCH: Quickly for you, Karen -- the free cash flow number for this quarter was what?

KAREN WALKER: Cash was up to \$77.8 million, and that was what -- over \$5 million?

GREG GORBATENKO: 5 million.

E.Y. SNOWDEN: I think the formal definition was 5.3 million, which includes changes in balance sheet and other items that affected -- the cash and short-term securities on hand, as you can see went up over 7 million.

GREG GORBATENKO: Yes, that's a great number. But you guys guided for 2 to 3, if I remember right -- correct?

KAREN WALKER: Yes, we were -- obviously, earnings were higher than expected. So we exceeded the earnings guidance. CapEx was lower than expected. DSO was below our target. So there were a number of factors that contributed to that.

GREG GORBATENKO: Good -- the needle is going in the right direction. That's great.

I like the revenue number. It looks pretty decent there for the next quarter. And I just wanted to be sure I heard you correctly -- you said there's a negative cash flow next quarter of 2 to 4 million?

KAREN WALKER: That's right. And that's just the timing of accruals.

GREG GORBATENKO: Sure, sure, okay. Lastly, I have been doing some reading -- it looks like Boost Mobile is in partnership with NII Holdings and Canada's Telus. It looks like they're expanding the Boost product up there in Canada and South America. Do you guys get any of that?

E.Y. SNOWDEN: No, that's not business that we would have. This is properties, as I understand, that are part of their affiliate, Nextel International. And in some parts of the world, they had already deployed, as I understand, a prepaid capability. And this appears to be an extension of the brand to those markets where they had that capability in place.

GREG GORBATENKO: Wouldn't they need you guys to run that, though -- I'm thinking on the prepaid side?

E.Y. SNOWDEN: Again, Greg, it's not our business now. But my belief is that they have applied the brand to alternate prepaid platforms' capabilities to extend what we have done here in America.

GREG GORBATENKO: Are those like in-house plans or other providers like you?

E.Y. SNOWDEN: I don't know the details, Greg, honestly.

GREG GORBATENKO: Okay. Nextel partners -- last I heard, I don't think they were doing anything yet. But is (ph) that a potential opportunity for business, as well?

E.Y. SNOWDEN: I think that is.

GREG GORBATENKO: You talked about MVNOs, and I agree with you guys. I think that's huge potential. Do you have anybody signed up at this point, regardless of size, on the MVNO side?

E.Y. SNOWDEN: As you know -- just like I described, for example, for the Mobile Guardian launch -- if we have business with a large MVNO who has not yet actually launched the service, typically they are not going to be describing exactly who their vendor relationships are. There are some who have. And that is often done because the vendor partner may appear to be an equity partner of the business or other things.

GREG GORBATENKO: Maybe you can say it now that SBC looks like they're going pull the trigger on AT&T, but were you guys in talk with them?

KAREN WALKER: We are in talks with a number of different carriers, as you know. We are active in our relationships and discussions with any carrier opportunity out there. And we don't comment on specific discussions with specific carriers.

GREG GORBATENKO: Yes, because I think they are probably just using the Cingular wireless product now. The cable side still looks pretty hot for you guys, so -- good, okay. Thank you very much.

OPERATOR: Vince Pipia, HD Brous.

VINCE PIPIA, ANALYST, HD BROUS: Regarding Mobile Guardian -- I know Nextel added a lot of new markets last year. Q4 was strong. Do you view Q4 as a good run rate for Boost additions going forward?

E.Y. SNOWDEN: I don't want to give their guidance for them. So I really have to defer to Nextel's guidance for their growth.

VINCE PIPIA: Do you know if Nextel will be entering any new markets for Boost in '05?

KAREN WALKER: I don't know they have specifically announced any. So I would wait to listen to their call.

VINCE PIPIA: The Verizon settlement -- has this changed your strategy going into trial now that the trial has been delayed?

E.Y. SNOWDEN: No, I think as Karen indicated, all of the exact same points with regard to our belief of noninfringement, of invalidity, and our intent to pursue.

VINCE PIPIA: Why was the trial date pushed back? What was the court procedural decision that caused the delay?

KAREN WALKER: There are various court decisions that are made regarding motions that are pending before the court. It's a number of reasons. So it's really up to the court's discretion.

VINCE PIPIA: E.Y., on Mobile Guardian -- you talked about the enhancements. During the Q&A, we talked about -- I guess more color. You gave us a little more color -- developing the third version, etc. You said you were confident in '05 revenues.

Can you provide, I guess, some more color on -- are you seeing more demand domestically versus internationally? Or can you comments exactly where you are in the sales cycle with some carriers?

E.Y. SNOWDEN: Vince, I'm sorry to say on the second part of it, I think you know, I can't comment exactly where we are in sales cycle with carriers. As I have described, from our standpoint in terms of communication, it is a process where a lot of work may go on, but news is released when service is typically in the market.

We view the opportunity globally -- very attractive as well as domestically, that we have already seen countries overseas on this issue with regard to content -- blocking content, filtering as an issue in front of the industry. And it's great, because it's very early-stage. And there only have been rudimentary solutions available. And bcgi's presence with what we have already built into Mobile Guardian, and now with the capabilities we've been adding to it, we believe has us in a very strongly advantaged position for that.

In America, as you can appreciate, networks have only just started to deliver 3G speeds here just in the last few months on a reasonably broad basis. And it will now extend over the country for many of the networks over the course of the next year or 2. And it has the carriers' intention -- the issue does. So we are interested in it, and believe that we have done the right job of putting ourselves in front of them.

VINCE PIPIA: Does the recent M&A activity among the major carriers delay or extend the decision-making process for Mobile Guardian?

E.Y. SNOWDEN: You know, that's a good question, Vince. I think it's impossible for a large corporation to go through a very large M&A event without getting some of its focus taken away from various things right in front of it at the time. But they nonetheless have a competitive industry they compete in. And some initiatives are able to be done and carried out well even in the face of that, as well as the fact that the organizations are large, and there are people in important places who are already getting designated with their responsibilities going forward that include functionality like this. So we think there's good reason to believe that we have guided you well in our description that we know of -- this product can contribute to revenue in 2005.

VINCE PIPIA: You had said -- I know you said you were confident. So I was trying to, I guess, get out what specifically is making you confident that '05 will deliver Mobile Guardian revenue. I guess you have moved along the through the sales progress -- I mean, as they move department by department, or however they are working through the cycle. You have seen progress. It continues. That's I guess what allows you to maintain that positive bias --?

E.Y. SNOWDEN: Yes, and as I have described as well, we think the opportunity has gotten bigger. And we think together, commensurate with our approach to the ways we're addressing markets, the addressable market has gotten dramatically bigger for bcgi in terms of addressable market.

OPERATOR: At this time, there are no further questions. Mr. Snowden, are there any closing remarks?

E.Y. SNOWDEN: Thank you, and thank you all for your time and participation. We will be introducing our new product structure at the 3GSM World Congress Tradeshow in Cannes, France, February 14 to 17. So we hope to see some of you there, and look forward to speaking with you again soon.

OPERATOR: This concludes today's bcgi fourth-quarter 2004 year-end conference call. You may now disconnect.

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Boston Communications Group Conference Call - Final FD (Fair Disclosure) Wire May 23, 2005 Monday

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FD (Fair Disclosure) Wire

May 23, 2005 Monday

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HEADLINE: **Boston Communications Group** Conference Call - Final

BODY:

OPERATOR: Good morning. My name is Kristy (ph) and I will be your conference facilitator today. At this time, I would like to welcome everyone to the bcgi conference call. All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question-and-answer period. (OPERATOR INSTRUCTIONS). I will now turn the call over to Ms. Susan Gowan (ph) with Financial Relations.

SUSAN GOWAN, IR, FINANCIAL RELATIONS BOARD: Thank you, Kristy. Good morning. By now you should have had a chance to see Friday's press release. If anyone still needs a copy please call us at 212-827-3777 to request a fax or email. Alternatively, you can view and download the release at the Boston Communications corporate website at www.bcgi.net. On the line with us today are EY Snowden, President and CEO, and Karen Walker, CFO of **Boston Communications Group**. Please note that management is happy to speak privately with investors and analysts regarding overall strategy, industry trends, and historical issues. However, more specific questions regarding updates on financial guidance or other material information will only be discussed on a widely disseminated press release or via open conference call, such as the one being held today.

I would also like to caution everyone that various remarks that the Company may make about the Company's future expectations, plans, and prospects constitute forward-looking statements for purposes of the Safe Harbor provisions under the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those indicated by these forward-looking statements as a result of various important factors, including those discussed in the Form 10-Q for the three months ended March 31, 2005, which is on file with the SEC.

In addition, any forward-looking statements represents our views only as of today and should not be relied upon as representing our views as of any subsequent date. While we may elect to update forward-looking statements at some point in the future, we specifically disclaim any obligation to do so even if our estimates change. Therefore, you should not rely on these forward-looking statements as representing our views of any date subsequent to today.

Without further delay, I would like to turn the call over to EY Snowden. EY, please begin.

EY SNOWDEN, PRESIDENT & CEO, **BOSTON COMMUNICATIONS GROUP**: Thank you, Susan and I would like to thank you all for joining us early and on somewhat short notice. We have a half hour with you this morning and we're going to use this time with you to provide details of the verdict in the Freedom Wireless case and the forthcoming proceedings. In addition, we will discuss our strategy going forward then we'll open up what's left of the call to questions.

I will start with a review of Friday's events and the jury's findings. On Friday after 12 weeks of trial, the jury in the Freedom Wireless patent infringement case found that bcgi and the other co-defendants jointly infringed to U.S. patents held by Freedom Wireless. The jury awarded Freedom Wireless approximately \$128 million. The jury also ruled that bcgi willfully infringed the patents, which could be a basis for the judge deciding to increase the damages up to three times the amount of damages awarded.

The court is expected to hear a separate nonjury trial regarding an unenforceability defense by us and the other co-defendants and to act on post-trial motions sometime after the nonjury trial. The nonjury trial is currently scheduled for June 7th and is expected to last approximately one to two weeks. Sometime after this trial, the judge will issue final judgment on this lawsuit. If the judge rules in favor of bcgi and our co-defendants in the nonjury trial, the patents held by Freedom Wireless would be held to be unenforceable, a decision that Freedom Wireless may choose to appeal.

If the judge does not rule that the patents are unenforceable, the defendants will have ten days to file post-trial motions seeking to overturn the judgment or reduce the amount of money awarded to Freedom. In the event that the judgment is not overturned, we expect to appeal the jury verdict. Either way, once post-trial proceedings are complete, regardless of the outcome, we expect the lawsuit will enter an appeals process.

The appeals process before the Court of Appeals for the Federal Circuit could last approximately 12 to 18 months. Depending upon the outcome of the appeal, there could be further proceedings in the District Court thereafter. If the judge does not find that the patents -- if the judge does not find the patents unenforceable after the June 7th trial and does not overturn the judgment in response to defendant's post-trial motions during the appeal, the defendants will either have to pay the judgment or stay execution of the judgment by posting a bond.

To stay execution of the judgment pending appeal, local court rules normally require the bond to be in the amount of 110% of the full amount of the damages finally awarded by the court unless the court otherwise orders. We are currently exploring ways of financing a bond for damages and continuing operations through the appeals process; although no assurance can be given that we would be able to post a bond in the amount that the court might require.

If we are unable to post a sufficient bond during the appeals process or if Freedom Wireless were to be successful in joining our operations during the appeals process, or if we are unable to get an adverse judgment reversed or to negotiate a commercially acceptable license with Freedom Wireless to allow us to continue to provide the services the jury found infringed, then it may not be possible for us to provide the PrePaid Wireless or Real-Time billing service bureau, as are currently offered in the United States.

Also, our customers may move to other service providers if we cannot provide adequate assurances to them that their continued use of our service bureau will not create additional potential liability to Freedom Wireless for patent infringement. If we're not able to provide the PrePaid Wireless service bureau as currently offered in the United States, or if our

customers terminate their use of our services, it would obviously have a material adverse effect on our business, operations and financial condition, and we would expect to seek alternative avenues for continuing operations, which could include filing for protections under a bankruptcy laws.

So these are the facts that presented themselves to us on Friday. But our fight is far from over. There is more information that you should be aware of. Over the past five years, bcgi has spent over \$20 million in legal and expert fees, which included investigating Freedom's claims and defending our case. We believe the resulting evidence supports our position that we do not infringe the Freedom Wireless patents and that they are invalid due to prior art.

Our case has been very focused on retaining experienced and competent industry experts who have studied the patents and our technology to support our defenses of noninfringement and invalidity. Our approach was to win our case on its merits based on the following facts; that the technology used to deliver our service was developed by bcgi prior to the issuance of the Freedom patents, that our service was based upon technology that was in commercial use prior to the Freedom patent application, and that our technology was different from the claims of the patent.

Unfortunately, the difference between our complex technology and the Freedom patents is quite technical. We believe that the Court of Appeals for the Federal Circuit, which is skilled in technical issues, will uphold the position taken by us and the other defendants and overturn the verdict. Freedom asserted 32 patent claims against us and the other defendants. As I am sure you can appreciate, our Real-Time PrePaid Wireless technology is highly complex.

Since the issuance of Freedom's first patent, bcgi has had three different implementations of its prepaid service. We believe that we have demonstrated with sound evidence how our technology in each of its implementations is different from Freedom's patents in the most basic way possible. So that the jury, with limited or no technology or business experience, could understand it. We also provided evidence that the plaintiff's patents were not novel and would have been obvious.

At various points during this case, we sought to reach a reasonable settlement with Freedom for despite our believe in the merits and truth to our case, we knew there was downside risk associated with presenting such a complex case before a jury of individuals, some of whom may not have fully understood all of the technical complexities that were presented. Unfortunately, the demands made by the plaintiff exceeded our ability to pay as a viable business going forward and so there was never a realistic possibility to settle the case.

We believe that the amount of the verdict is not sustainable based upon the evidence in the case. The plaintiff's damage claims were based in part on total revenues of our customers rather than our own. It should be understood that we have indemnification agreements with our customers that may cover Freedom's infringement claims against them. Nevertheless, we believe that the correct measure of damages, if infringement was upheld, should not exceed the total profits we earned for delivering services to the carriers that are co- defendants in the case.

The damages awarded by the jury represent more than five times the profits we have earned for delivering prepaid wireless services to the defendant wireless carriers during all the years we have provided service. We do not believe that the amount of the verdict represents a reasonable royalty even if infringement was upheld.

This brings us to our next steps in our strategy going forward. As I've stated (ph) and as we stated in our press release, before a final judgment can be rendered, the U.S. District Court in Massachusetts is expected to hear a separate nonjury trial regarding an unenforceability defense by bcgi and other co-defendants and is expected to act on additional post-trial

motions. We will also ask the court to reduce the damages awarded by the jury.

If the court rules against bcgi and our co-defendants in the nonjury trial and on our post-trial motions, and subject to our ability to post a bond, we expect to appeal the court's decision to the Court of Appeals for the Federal Circuit. We believe that the evidence we presented support the decision in our favor and that certain rulings made during the trial should be reversed and that the jury's verdict should be overturned on appeal.

We believe that the appellate judges who handle all patent appeals will be better able to focus on the very technical facts and legal issues, which we believe support our case that we did not infringe and that the patents are invalid and unenforceable. As we continue to aggressively fight this battle, which could last approximately two years, what do we do in the meantime?

Well, first, assuring our long-term success with our customers is a must. We will endeavor to dedicate the resources and quality service to them that we always have. The jury's decision on Friday is not just a problem for bcgi. It's a problem for the wireless industry. This jury's verdict implies that the scope of the Freedom patents is very broad. Freedom noted in its press release on Friday, in fact, that this verdict sends a message to these defendants and any others who have been infringing these patents that Freedom Wireless will pursue its rights to the fullest. Thus competing (ph) platforms may be at risk as well, which may limit carrier options outside of bcgi as well. We will take all steps we can to insure seamless service to our customers.

Second, in order to ensure we continue to deliver high-quality service to our prepaid customers, as well as existing and prospective customers who use our other products, retention of our best in class employees is critical. Our success in attracting and retaining high-quality employees has been unprecedented and they have worked tirelessly to achieve our goals. Retaining them is a top priority and we will do what it takes to do so.

Third, we will continue to pursue opportunities to grow our business with our new products on a global basis. That's our recent focus and investment in our international opportunities will continue with vigor as will domestic opportunities for access management and payments.

In concert with this focus, we are developing an organizational design to appropriately address the increased complexity of our broader line of products and greater breadth of markets that we are now serving enabling us to do the best job of promoting our new products and services and executing on our long-term business strategy. We look forward to sharing more on this organizational structure with you.

So this fight is far from over and we are committed to continuing to contest this ruling. We anxiously await the nonjury portion of the trial and the post-trial proceedings and the anticipated appeals process. Simultaneously, we will endeavor, subject to any restraints imposed by the court or bond requirements, to continue with our business and to provide our customers with the same high level of service and support throughout these subsequent proceedings and the appeals process; just as we have since 1988 and throughout this case.

We will also continue to pursue our diversification strategy and push ahead with the development, marketing, and sales of other bcgi products and services. I am confident that with our plan going forward supported by the strength and capabilities of our dedicated employees we are well-positioned to overcome this setback. As you can appreciate, there are still more proceedings to take place and we don't necessarily have all the answers to provide you. But we would like to open the call to questions and answer as many as possible.

OPERATOR: (OPERATOR INSTRUCTIONS). Tavis McCourt with Morgan Keegan.

TAVIS MCCOURT, ANALYST, MORGAN KEEGAN: When would the bond need to be posted? At the time of your appeal?

EY SNOWDEN: That's right. And that would be, as we have described, within ten days after the final decision.

TAVIS MCCOURT: If there any history by the court of being flexible on that 110% amount?

EY SNOWDEN: Yes. That's right. It is subject to the court's determination. That's generally has been a local practice here in Boston's courts.

TAVIS MCCOURT: The 110% has been?

EY SNOWDEN: Yes.

OPERATOR: Scott Sutherland with Wedbush Morgan Securities.

SCOTT SUTHERLAND, ANALYST, WEDBUSH MORGAN SECURITIES: First of all, what is the amount that potentially could be tripled in the settlement?

EY SNOWDEN: The \$128 million damages.

SCOTT SUTHERLAND: The entire amount? So it could be almost 400 million?

EY SNOWDEN: That's right.

SCOTT SUTHERLAND: Also, you just mentioned that Freedom Wireless is also going after you guys and other customers, Alltel and Nextel. Have you -- calculating -- can you share us the number of minutes of use you have delivered to them?

EY SNOWDEN: I'm sorry. Have we calculated --?

SCOTT SUTHERLAND: The minutes of use of prepaid services delivered to Alltel, Nextel, other customers not in the first case.

EY SNOWDEN: Yes, we know those things. Yes.

SCOTT SUTHERLAND: Would you care to share that or do we have to do those calculations?

EY SNOWDEN: No, we're not sharing minutes of use of contracted customers. But those are obviously good-sized customers that we serve today.

SCOTT SUTHERLAND: Lastly, what are the chances of a settlement in this next stage of process? Are you guys having any more discussion about a settlement or does it seem like freedom is pretty stuck on its course?

KAREN WALKER, CFO, **BOSTON COMMUNICATIONS GROUP**: Yes. I mean if there's an opportunity to settle for a reasonable amount, we would pursue that opportunity. But it's unlikely at this point without substantial financial participation from the other co-defendants.

OPERATOR: Peter Jacobson with Kaufman Brothers.

PETER JACOBSON, ANALYST, KAUFMAN BROTHERS: The Nextel and Alltel related suits, will any estimate on the rough timing of those as compared to the previous lawsuits? Is it a five-year thing or the fact that you have gone through it already, it would move much more quickly? Any sense of that?

EY SNOWDEN: We believe it's in the best interest of parties jointly named to defend the suits. That said, we really can't comment on legal matters that are involving our carrier customers without their consent. The contracts we have with Nextel and Alltel are multiyear contracts unless enjoined by the court, we intend to continue to fulfill these contracts with the same high level of service we have provided since the day we signed them.

PETER JACOBSON: With respect to the on the unenforceability defense, is there any -- maybe you said this earlier and I didn't catch it, but in sort of layman terms, what is the essence of the unenforceability defense that hasn't been covered in the trial?

EY SNOWDEN: We have a practice of not commenting on legal proceedings that are in process or yet to be brought in front of the court. I think that would apply very much to this (indiscernible) as we said on June 7th.

OPERATOR: Davin Ing (ph) with Milton Investment Company.

DAN SZEMIS, ANALYST, MILTON INVESTMENT COMPANY: This is Dan Szemis for Davin Ing. Question, what happens to the Freedom Wireless liability in the case of bankruptcy? Can you extinguish that and then come back and operate your business right through the bankruptcy and exit bankruptcy without that liability?

EY SNOWDEN: We are still exploring all the details, be prepared for any possible outcome. But yes, it becomes a claim like others in the course of bankruptcy with every prospect that this business will continue to operator viably serving its customers through one alternative or the other.

DAN SZEMIS: So it just gets lumped in with all the other claimants that have -- that you have liabilities?

EY SNOWDEN: That's right.

DAN SZEMIS: That's great. Are the customers that you currently have prepared to continue to use your service even if they have to pay a royalty to Freedom Wireless at the rate used to calculate the infringement damages?

EY SNOWDEN: I'm not sure I understood the actual question. Sorry, Dan.

DAN SZEMIS: If your key customers, ongoing customers, have to pay a royalty to Freedom Wireless at the rate that they determined to calculate the damages in the award last week, are those customers prepared to continue to use your services if they have to pay that royalty rate?

EY SNOWDEN: Obviously, we wouldn't be able to describe at this time yet the customers decisions about various things. We have been in contact with customers about this verdict and we will continue to work with them. As we described, the verdict at this time is an unreasonable amount. As we have described more than five times the profit we have made and you can calculate that that's even in excess of the entire revenue we made providing the service we have. So it is an inordinately large amount and we believe unreasonably so. But we expect it to be overturned.

DAN SZEMIS: What are the terms of Nextel's contract as it relates to this contingency? Does it have an opportunity to exit their contract due to this event?

EY SNOWDEN: We don't reveal the specific details of all of our contracts with our carrier customers.

DAN SZEMIS: My understanding of the judgment was that only the amount that was applicable to Boston Communications was potentially to be trebled or up to trebled. So you're saying the entire judgment was against bcgi and therefore eligible to be trebled?

EY SNOWDEN: I believe we're jointly and severally liable for the amounts. Therefore, that would have the unusual phenomenon of having the entire amount potentially subject to the trebling.

DAN SZEMIS: How are you splitting up the legal expenses with the co-defendants?

EY SNOWDEN: The legal expenses we have spent to date, are you saying or --?

DAN SZEMIS: Well no, the legal expenses, not including the damages, just the expenses defending yourself in the suit. How have you split those up with the other co-defendants?

EY SNOWDEN: We have always been paying the cost of this defense of the suit. In many cases, carriers may choose to pay for additional counsel for their own benefit. But as we indemnify them, we provide council to support to defend the suits.

DAN SZEMIS: So bcgi has been paying all -- the entire legal expense for the defense.

KAREN WALKER: No, no.

EY SNOWDEN: Of our team. But they may have retained teams and have retained teams of their own to support themselves during the process, even though we carry on the defense of the suit. That's not our expense.

KAREN WALKER: -- other defendants expense.

DAN SZEMIS: Has Verizon acted or served you with anything to attempt to recover any portion of the settlement that they entered into with Freedom Wireless?

KAREN WALKER: No, they have not.

OPERATOR: Philip Broenniman with Cadence Investment Partners.

PHILIP BROENNIMAN, ANALYST, CADENCE INVESTMENT PARTNERS: I guess I'm a little confused by one thing. You keep referring to the issue of your revenue and the settlement. Didn't the jury actually find that bcgi and the clients were guilty of infringement and therefore wouldn't it follow that the judgment would be predicated on joint revenue?

EY SNOWDEN: Yes. They found us jointly and severally liable. That's correct. The notion that somehow that would then make it appropriate to apply a judgment on the basis of a total revenue of an end customer who is in the business of providing wireless service and operating a wireless network that has nothing to do with the technology of billing and payments, which is what the suit was with regard to, is ludicrous.

PHILIP BROENNIMAN: Well, I guess that make sense then because basically -- does that mean that the clients shouldn't have been found guilty?

EY SNOWDEN: That's a different issue in terms of the way these claims pertain to aspects of the service that we operate, which we operate in a way in which it works with carrier switches, etc. So --.

PHILIP BROENNIMAN: They may have been found guilty but their revenue shouldn't have

been included?

EY SNOWDEN: That is our strong belief.

PHILIP BROENNIMAN: With regards to the follow-up on the post jury or the nonjury trial, if enforceability is found, you would then appeal. You would have to post collateral of how much?

EY SNOWDEN: A collateral or a bond for the amount -- potentially for the amount of the damages.

KAREN WALKER: 110%

PHILIP BROENNIMAN: 110%

KAREN WALKER: Right.

PHILIP BROENNIMAN: Since you don't have that kind of cash on the balance sheet, would you be able to borrow it?

EY SNOWDEN: Well, again, it's an Injunction -- sorry, a verdict against ourselves and our codefendants. So as a group we will work to determine how we best go forward in terms of allowing for this coverage?

PHILIP BROENNIMAN: Have your clients then indicated that they would be willing to help you post bond?

KAREN WALKER: We have had many discussions but we're not prepared to discuss any of those right now.

PHILIP BROENNIMAN: If it is overturned and your clients don't support you in providing this bond because you have indemnified them, what happens next?

KAREN WALKER: As we have said in our press release and our notes today, that could potentially lead to bankruptcy filings or other avenues that we will pursue.

PHILIP BROENNIMAN: What are those other avenues?

KAREN WALKER: We are exploring a number of them and when we obtain final judgment on this case we will be better prepared to discuss those with you.

OPERATOR: Michael Harvey (ph) with Fenton Capital (ph).

MICHAEL HARVEY, ANALYST, FENTON CAPITAL: On what grounds can you appeal? Is it just that you didn't like the jury's decision or do you have to have some sort of specific ruling that the judge made during the trial that you think is wrong? I know this is a matters of law or just on the decision?

EY SNOWDEN: That's a good question. No, you don't simply get to appeal because you don't like a verdict. It is specifically about points of law and the handling of those points of law. We believe there are many such instances throughout the course of this case. So we feel very good about our prospects for appeal in front of the appellate court.

MICHAEL HARVEY: And you can't share with us what those things are in this point in time?

EY SNOWDEN: It doesn't make sense for us to do that, no.

MICHAEL HARVEY: It seems that this decision is obviously bigger than the entire Company at this point in time. I mean it has taken over the Company. So as investors, I think it would be helpful to understand a little bit more about your arguments and the lawsuit in a little greater detail. This has now taken on a presence bigger than your own operations it seems. I appreciate your not wanting to address it online but I think it would be helpful for investors to be able to get some sort of insight into what you feel was incorrectly handled during the case.

EY SNOWDEN: Well, first of all, as we described, we have got a nonjury trial and post-trial motions coming up over the course of the next month and month and a half. Pending the outcome of those and the issuance of a final judgment that will be a time at which we ought to be able to have more information available to share. But the prospect of sharing defense strategy on a going forward basis of a trial yes to be heard in front of the appellate court will likely be something we're never going to reveal the most intimate details of. We will do our best job to try and give you more information. I hope you can appreciate as well we had a verdict come down on Friday and here we are Monday. We have worked aggressively through the weekend to be prepared to give you as much information as we can. We have limited information available at this time.

MICHAEL HARVEY: No, I appreciate it. I appreciate that it's early on. But we have continued to hear that we don't want to talk about the trial while it has been going on. It has now become a very very big issue for all of us as shareholders. I think we would like to learn a little bit more about it.

EY SNOWDEN: I understand your sentiment.

OPERATOR: I will now turn the call back over to Mr. Snowden for closing remarks.

EY SNOWDEN: Thank you. I want to thank you all for your time today. As significant new information becomes available we will share it with you and we appreciate your time.


OPERATOR: This concludes your conference. You may now disconnect.

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Exhibit 3

<HELP> for explanation.

P144 Equity M K A C

Market Maker Activity							Page 1 /14
BOSTON COMMUNICATIONS GRO		Range 6/02-5/05		Sort by T-Total			
ID	Name	Total	%	Non-Block	%	Block	%
1)*NITE	KNIGHT EQUITY MARKETS, L.P.	32.976MLN	14	30.401MLN	16	2574417	6
2) SCHB	SCHWAB CAPITAL MARKETS L.P.	16.399MLN	7	15.778MLN	8	620439	1
3)*SBSH	CITIGROUP GLOBAL MARKETS IN	15.537MLN	7	10.618MLN	6	4919274	11
4) GSCO	GOLDMAN SACHS	13.825MLN	6	10.367MLN	6	3458020	8
5) MOKE	MORGAN KEEGAN	11.436MLN	5	8635889	5	2799688	6
6) BRUT	BRUT, LLC	11.203MLN	5	10.977MLN	6	225702	1
7) BTRD	B-Trade Services LLC	9840897	4	9411096	5	429801	1
8)*JEFF	JEFFERIES & COMPANY, INC.	9268132	4	5522137	3	3745995	8
9) NFSC	NATIONAL FINANCIAL SERVICES	7604044	3	7543144	4	60900	0
10) MLCO	MERRILL LYNCH	7174373	3	5223214	3	1951159	4
11) MSCO	MORGAN STANLEY & CO., INCOR	7172812	3	5853705	3	1319107	3
12) ARCA	ARCHIPELAGO SECURITIES L.L.	6295045	3	6141945	3	153100	0
13) JPHQ	JPMSI	5165415	2	2643185	1	2522230	6
14) RAJA	RAYMOND JAMES AND ASSOCIATE	5149726	2	2926431	2	2223295	5
15)*LEHM	LEHMAN BROTHERS INC	5036869	2	3679002	2	1357867	3
16)*DBAB	DEUTSCHE BANK SECURITIES IN	4825527	2	2910896	2	1914631	4
17)*FBCO	CREDIT SUISSE FIRST BOSTON	3932008	2	3752308	2	179700	0
18) SWST	SOUTHWEST SECURITIES, INC.	3683975	2	3494575	2	189400	0
19) ITGI	ITG INC.	3224644	1	1888844	1	1335800	3

* Market maker volume is combined from multiple sources. See HELP for detail.

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Brazil 5511 3048 4500

Europe 44 20 7330 7500

Germany 49 69 920410

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P144 Equity M K A C

Market Maker Activity							Page 2 /14
BOSTON COMMUNICATIONS GRO		Range 6/02- 5/05		Sort by T-Total			
ID	Name	Total	%	Non-Block	%	Block	%
1)	UBSW UBS SECURITIES LLC.	3210794	1	3112542	2	98252	0
2)	PRUS PRUDENTIAL EQUITY GROUP, IN	2821297	1	2192077	1	629220	1
3)*	LIMB LIME BROKERAGE LLC	2779937	1	2779937	2	0	0
4)	BOFA BANC OF AMERICA SECURITIES	2441570	1	1749253	1	692317	2
5)	CANT CANTOR FITZGERALD & CO.	1969254	1	784877	0	1184377	3
6)	FACT FIRST ALBANY CAPITAL INC.	1944125	1	979625	1	964500	2
7)	ADVS ADVEST INC.	1791365	1	1481465	1	309900	1
8)	SPHN STEPHENS INC.	1740578	1	1579578	1	161000	0
9)	GVRG GVR COMPANY, LLC	1584269	1	1559969	1	24300	0
10)*	INCA INSTINET CORPORATION	1513944	1	1312517	1	201427	0
11)	ETRD GVR COMPANY, LLC	1499642	1	1367722	1	131920	0
12)	WEED WEEDEN & CO.L.P.	1473403	1	764136	0	709267	2
13)*	BEST BEAR, STEARNS & CO. INC.	1429859	1	686777	0	743082	2
14)*	HRNB HARRIS NESBITT CORP.	1406556	1	1243256	1	163300	0
15)	JPMS J.P. MORGAN SECURITIES INC.	1341953	1	719453	0	622500	1
16)	GKMC Gerard Klauer Mattison & Co	1180176	1	990876	1	189300	0
17)	SUSQ SUSQUEHANNA CAPITAL GROUP	1098218	1	821267	0	276951	1
18)	CATY CATHAY FINANCIAL LLC	1050000	0	0	0	1050000	2
19)*	LIME LIME BROKERAGE LLC	867259	0	867259	1	0	0

* Market maker volume is combined from multiple sources. See HELP for detail.

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P144 Equity M K A C

Market Maker Activity							Page 3 /14
BOSTON COMMUNICATIONS GRO		Range 6/02- 5/05		Sort by T-Total			
ID	Name	Total	%	Non-Block	%	Block	%
1)	BWNC STC SECURITIES CORPORATION	816506	0	610189	0	206317	0
2)	LQNT LIQUID NET INC.	792200	0	35600	0	756600	2
3)	NEED NEEDHAM AND CO.	780523	0	315803	0	464720	1
4)	TYLO DOUGALL & ASSOCIATES	737600	0	44700	0	692900	2
5)	WEDB WEDBUSH MORGAN SECURITIES I	692431	0	457531	0	234900	1
6)	LTCO LADENBURG, THALMANN & CO. I	656313	0	559713	0	96600	0
7)	CRWN CROWN FINANCIAL GROUP, INC.	649876	0	479876	0	170000	0
8)*	RILY B. RILEY AND CO. INC.	630403	0	379103	0	251300	1
9)*	WCHV WACHOVIA CAPITAL MARKETS, L	625099	0	514863	0	110236	0
10)	MADF BERNARD L. MADOFF	619746	0	619746	0	0	0
11)	SILK SPEAR, LEEDS & KELLOGG, L.P	608032	0	594754	0	13278	0
12)	PERT PERSHING TRADING COMPANY L.	587160	0	587160	0	0	0
13)	OPCO OPPENHEIMER & CO. INC.	581599	0	373499	0	208100	1
14)	SLKC Spear Leeds & Kellogg Capit	511564	0	483664	0	27900	0
15)	MTCO MILLER TABAK & CO.	497424	0	147424	0	350000	1
16)	BAMM BROKERAGEAMERICA, LLC	435118	0	343118	0	92000	0
17)	TEJS TEJAS SECURITIES GROUP, INC	434422	0	236736	0	197686	0
18)*	MPBS AUTOMATED TRADING DESK BROK	433536	0	433536	0	0	0
19)	LCAM LADENBURG CAPITAL MANAGEMEN	421405	0	421405	0	0	0

* Market maker volume is combined from multiple sources. See HELP for detail.

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P144 Equity M K A C

Market Maker Activity							Page 4 /14
BOSTON COMMUNICATIONS GRO		Range 6/02- 5/05		Sort by T-Total			
ID	Name	Total	%	Non-Block	%	Block	%
1)	FEDE DETWILER, MITCHELL, FENTON&	400000	0	0	0	400000	1
2)	FLTT FLEET TRADING, A DIVISION O	382506	0	372506	0	10000	0
3)	BERN SANFORD C. BERNSTEIN AND CO	352966	0	339466	0	13500	0
4)	SNDV SOUNDVIEW TECHNOLOGY CORPOR	337213	0	314713	0	22500	0
5)	TRAC TRACK (ECN)	332129	0	332129	0	0	0
6)	PRSQ MERRILL LYNCH PROFESSIONAL	291300	0	291300	0	0	0
7)	VIES VIE SECURITIES, LLC	237900	0	47900	0	190000	0
8)	REDI Redibook ECN LLC	233021	0	233021	0	0	0
9)	PUGS PUGLISI & CO.	232240	0	232240	0	0	0
10)	SSBS STATE STREET GLOBAL MARKETS	212814	0	41131	0	171683	0
11)	SHON SCHONFELD SECURITIES, LLC	212194	0	212194	0	0	0
12)	KBRO KAUFMAN BROTHERS L. P.	208450	0	39600	0	168850	0
13)	MHMY	206588	0	115288	0	91300	0
14)	NMRA NOMURA SECURITIES INTERNATI	167082	0	73982	0	93100	0
15)	CHVS CHEEVERS & CO INC	163400	0	15400	0	148000	0
16)	CIST CAPITAL INSTITUTIONAL SERVI	161008	0	130308	0	30700	0
17)	*AUTO AUTOMATED TRADING DESK FINA	150016	0	150016	0	0	0
18)	*GROW PACIFIC GROWTH EQUITIES, LL	143500	0	68500	0	75000	0
19)	ANDZ ASSENT LLC	143087	0	143087	0	0	0

* Market maker volume is combined from multiple sources. See HELP for detail.

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P144 Equity M K A C

Market Maker Activity							Page 5 /14
BOSTON COMMUNICATIONS GRO		Range 6/02- 5/05		Sort by T-Total			
ID	Name	Total	%	Non-Block	%	Block	%
1)	TRSD TRANSCEND CAPITAL, LP	133400	0	133400	0	0	0
2)	UNEX UNX, INC. A DELAWARE CORPOR	132840	0	76736	0	56104	0
3)	TMBR TIMBER HILL LLC	131613	0	131613	0	0	0
4)	BRUS H. D. BROUS AND CO. INC.	130379	0	110379	0	20000	0
5)	REDW REDWOOD BROKERAGE SERVICES	130000	0	0	0	130000	0
6)	ERCO ESSEX RADEZ COMPANY	122100	0	122100	0	0	0
7)	CLYP CARLIN EQUITIES CORP.	117646	0	117646	0	0	0
8)	ETPT E*TRADE PROFESSIONAL TRADIN	116926	0	116926	0	0	0
9)*	LSCI LEK SECURITIES CORPORATION	113214	0	113214	0	0	0
10)	GESE BNY BROKERAGE INC.	109931	0	109931	0	0	0
11)	WUND WUNDERLICH SECURITIES INC.	100000	0	0	0	100000	0
12)	IBKR INTERACTIVE BROKERS LLC	97807	0	97807	0	0	0
13)	MAXM MAXIM GROUP, LLC	95843	0	95843	0	0	0
14)	FOCC SPEAR, LEEDS & KELLOGG, L.P	94373	0	94373	0	0	0
15)	FLCR FULCRUM GLOBAL PARTNERS, LL	93627	0	83627	0	10000	0
16)	MONT Banc of America Securities	88863	0	88863	0	0	0
17)	ARGN ARAGON INVESTMENTS, LTD.	87123	0	87123	0	0	0
18)	BNYN BANYAN SECURITIES, LLC	86515	0	86515	0	0	0
19)	VIEW VIEWTRADE SECURITIES, INC.	85347	0	85347	0	0	0

* Market maker volume is combined from multiple sources. See HELP for detail.

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P144 Equity M K A C

Market Maker Activity							Page 6 /14
BOSTON COMMUNICATIONS GRO		Range 6/02-5/05		Sort by T-Total			
ID	Name	Total	%	Non-Block	%	Block	%
1)	BURL BURLINGTON CAPITAL MARKETS,	84030	0	84030	0	0	0
2)*	FLCM FULCRUM GLOBAL PARTNERS, LL	80699	0	80699	0	0	0
3)	LEGG LEGG MASON WOOD WALKER INC.	76328	0	76328	0	0	0
4)	HRLD HEARTLAND SECURITIES CORP.	75674	0	75674	0	0	0
5)	SHAW D.E. SHAW SECURITIES, L.P.	72714	0	72714	0	0	0
6)	ISLD Island Corporation	71148	0	71148	0	0	0
7)	ADAM ADAMS, HARKNESS & HILL, INC	68907	0	68907	0	0	0
8)	SFSS S F SENTRY SECURITIES, INC.	66269	0	66269	0	0	0
9)	SGAS SG AMERICAS SECURITIES, LLC	64557	0	64557	0	0	0
10)	VIEI VIE INSTITUTIONAL SERVICES,	59100	0	59100	0	0	0
11)	BRND ROBERT BRANDT AND CO.	55100	0	0	0	55100	0
12)	FCLM	53199	0	53199	0	0	0
13)	SSPT	51700	0	24700	0	27000	0
14)	PAMS PACIFIC AMERICAN SECURITIES	50067	0	17620	0	32447	0
15)	NEUB NEUBERGER BERMAN, LLC	48498	0	48498	0	0	0
16)	OTAB OPTIONS TRADING ASSOCIATES	45500	0	8000	0	37500	0
17)	PULT PULSE TRADING INC.	43704	0	43704	0	0	0
18)	CARR CARR SECURITIES CORP.	39223	0	39223	0	0	0
19)*	RBCM RBC CAPITAL MARKETS	38004	0	38004	0	0	0

* Market maker volume is combined from multiple sources. See HELP for detail.

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P144 Equity M K A C

Market Maker Activity							Page 7 /14
BOSTON COMMUNICATIONS GRO		Range 6/02- 5/05		Sort by T-Total			
ID	Name	Total	%	Non-Block	%	Block	%
1)	WTCO WILLIAMS TRADING LLC	37700	0	0	0	37700	0
2)	STEW COLLINS STEWART INC.	37615	0	37615	0	0	0
3)	BNCH THE BENCHMARK COMPANY, LLC	35000	0	0	0	35000	0
4)	JPMO NOVA FUND LP	32375	0	32375	0	0	0
5)	NASS	29744	0	29744	0	0	0
6)	RBCD RBC CAPITAL MARKETS CORPORA	29412	0	29412	0	0	0
7)	COWN SG COWEN & CO., LLC	29120	0	29120	0	0	0
8)	CYBR CYBERTRADER, INC.	28630	0	28630	0	0	0
9)*	TWPT THOMAS WEISEL PARTNERS LLC	27890	0	27890	0	0	0
10)	FOMA AMERITRADE, INC.	27874	0	27874	0	0	0
11)	PALC PALI CAPITAL, INC.	27700	0	27700	0	0	0
12)	NDBC DEUTSCHE IXE, LLC	26031	0	26031	0	0	0
13)	LFSJ LABRANCHE FINANCIAL SERVICE	24631	0	0	0	24631	0
14)	EKNS EHRENKRANTZ KING NUSSBAUM,	24411	0	3000	0	21411	0
15)	ETRS E*TRADE CLEARING LLC	24376	0	24376	0	0	0
16)	VNDM VANDHAM SECURITIES CORP.	24100	0	5900	0	18200	0
17)	RSCO RAMIUS SECURITIES LLC	24000	0	24000	0	0	0
18)	HILL HILL THOMPSON MAGID AND CO	23880	0	13880	0	10000	0
19)	MRLN MARLINS CAPITAL, LLC	21700	0	0	0	21700	0

* Market maker volume is combined from multiple sources. See HELP for detail.

Australia 61 2 9777 8600

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Europe 44 20 7330 7500

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P144 Equity M K A C

Market Maker Activity							Page 8 /14
BOSTON COMMUNICATIONS GRO		Range 6/02- 5/05		Sort by T-Total			
ID	Name	Total	%	Non-Block	%	Block	%
1)	FANC FINANCE 500, INC.	20652	0	0	0	20652	0
2)	MDWD MIDWOOD SECURITIES	20500	0	20500	0	0	0
3)	DOMS DOMESTIC SECURITIES, INC.	20235	0	20235	0	0	0
4)	ONLI HOLD BROTHERS ON-LINE INVES	19484	0	19484	0	0	0
5)	ECUT BNY BROKERAGE INC.	19000	0	19000	0	0	0
6)	BRMS Biremis LLC	18702	0	18702	0	0	0
7)	PCON PECONIC SECURITIES LLC	18200	0	18200	0	0	0
8)	DRKW DRESDNER KLEINWORT WASSERST	18000	0	18000	0	0	0
9)*	PIPR PIPER JAFFRAY & CO.	16892	0	0	0	16892	0
10)	KCCI KELLY & CHRISTENSEN	16400	0	2000	0	14400	0
11)	PRST MERRILL LYNCH PRO CLEARING	16181	0	16181	0	0	0
12)	OAKW OAKWOOD FINANCIAL CORP.	16000	0	0	0	16000	0
13)	DTTX DIRECT TRADING INSTITUTIONA	15535	0	15535	0	0	0
14)	WSSS WM SMITH SECURITIES INCORPO	13200	0	13200	0	0	0
15)	QRCC US CLEARING CORP DIV OF FLE	13000	0	13000	0	0	0
16)	FTBR FOLIOFN INVESTMENTS, INC.	12894	0	12894	0	0	0
17)*	AVIA AVIAN SECURITIES, LLC	11427	0	11427	0	0	0
18)	EYES ICAPITAL MARKETS LLC	11100	0	11100	0	0	0
19)	WAXM WAXMAN SECURITIES, INC.	11000	0	11000	0	0	0

* Market maker volume is combined from multiple sources. See HELP for detail.

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P144 Equity M K A C

Market Maker Activity							Page 9 /14
BOSTON COMMUNICATIONS GRO		Range 6/02- 5/05		Sort by T-Total			
ID	Name	Total	%	Non-Block	%	Block	%
1)	DIRA DIRECT ACCESS BROKERAGE SER	10100	0	10100	0	0	0
2)	GNLN GUNNALLEN FINANCIAL INC.	10000	0	0	0	10000	0
3)	DFLR DEMPSEY & COMPANY, LLC/OTC	9700	0	9700	0	0	0
4)	TDCM TD WATERHOUSE CAPITAL MARKE	9500	0	9500	0	0	0
5)	FNYS FIRST NEW YORK SECURITIES C	9300	0	9300	0	0	0
6)	GBSL GBS FINANCIAL CORP	9200	0	9200	0	0	0
7)	FLCN FALCON RESEARCH, INC.	9000	0	9000	0	0	0
8)	FILL TRADESTATION SECURITIES, IN	8434	0	8434	0	0	0
9)	EROM	8400	0	8400	0	0	0
10)	ABNA ABN AMRO INCORPORATED (ABNA	8253	0	8253	0	0	0
11)	BNPS BNP PARIBAS BROKERAGE SERVI	8100	0	8100	0	0	0
12)	BARD ROBERT W. BAIRD & CO. INCOR	8003	0	8003	0	0	0
13)	PERS PERSHING LLC	7802	0	7802	0	0	0
14)	MSCH MAGNA SECURITIES CORP	7600	0	7600	0	0	0
15)	BCHW BIRCHWOOD SECURITIES CORP	7400	0	7400	0	0	0
16)	ICTI INTERNATIONAL CORRESPONDENT	7100	0	7100	0	0	0
17)	FPKI FOX-PITT KELTON INC.	7100	0	7100	0	0	0
18)	GRIS THE GRISWOLD COMPANY, INCOR	6700	0	6700	0	0	0
19)	QUIN PARK FINANCIAL GROUP, INC.	6500	0	6500	0	0	0

* Market maker volume is combined from multiple sources. See HELP for detail.

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P144 Equity M K A C

Market Maker Activity							Page 10/14
BOSTON COMMUNICATIONS GRO		Range 6/02-5/05		Sort by T-Total			
ID	Name	Total	%	Non-Block	%	Block	%
1)	WMIN WESTMINSTER SECURITIES CORP	6400	0	6400	0	0	0
2)	HDSN WIEN SECURITIES	6200	0	6200	0	0	0
3)	MAPL MAPLE SECURITIES U.S.A. INC	6000	0	6000	0	0	0
4)*	CIBC CIBC WORLD MARKETS CORPORAT	5751	0	5751	0	0	0
5)	LGNT LEGENT CLEARING	5600	0	5600	0	0	0
6)	BSSC BEAR STEARNS SECURITIES COR	5600	0	5600	0	0	0
7)	BRDG BRIDGE TRADING CO.	5300	0	5300	0	0	0
8)	ATTN ATTAIN-ECN	5000	0	5000	0	0	0
9)	ROBT ROBOTTI & COMPANY, LLC	4900	0	4900	0	0	0
10)	CLYN CARLIN EQUITIES CORP.	4600	0	4600	0	0	0
11)	BOSC BOENNING AND SCATTERGOOD IN	4529	0	4529	0	0	0
12)	ALTX ALTERNET SECURITIES, INC.	4300	0	4300	0	0	0
13)	RAMS	4200	0	4200	0	0	0
14)	PCAP PREFERREDTRADE, INC.	4100	0	4100	0	0	0
15)	STCS STC SECURITIES CORPORATION	4000	0	4000	0	0	0
16)	AVTG ADVANTAGE TRADING GROUP, IN	4000	0	4000	0	0	0
17)	CUSR CUTLER SECURITIES INC.	4000	0	4000	0	0	0
18)	POND POND EQUITIES	4000	0	4000	0	0	0
19)	RCAP ROTH CAPITAL PARTNERS, LLC	4000	0	4000	0	0	0

* Market maker volume is combined from multiple sources. See HELP for detail.

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Europe 44 20 7330 7500

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Market Maker Activity							Page 11/14
BOSTON COMMUNICATIONS GRO		Range 6/02-5/05		Sort by T-Total			
ID	Name	Total	%	Non-Block	%	Block	%
1)	DOFS Datek Online Financial Serv	4000	0	4000	0	0	0
2)	FSWC FIRST SOUTHWEST CO.	3950	0	3950	0	0	0
3)	GLDS SPEAR, LEEDS & KELLOGG, L.P	3800	0	3800	0	0	0
4)	JGIO J GIORDANO SECURITIES GROUP	3700	0	3700	0	0	0
5)	TNTO TERRA NOVA TRADING	3700	0	3700	0	0	0
6)	YLPL LINSICO/PRIVATE LEDGER CORP.	3600	0	3600	0	0	0
7)	JBOC NATIONAL CLEARING CORP.	3500	0	3500	0	0	0
8)	BELZ ELECTRONIC BROKERAGE SYSTEM	3386	0	3386	0	0	0
9)	CCLS COMPUTER CLEARING SERVICES	3300	0	3300	0	0	0
10)	PFSI PENSON FINANCIAL SERVICES,	3204	0	3204	0	0	0
11)	ICLS INSTINET CLEARING SERVICES,	3100	0	3100	0	0	0
12)	NDXT NDX TRADING INC.	3018	0	3018	0	0	0
13)	PXCO PAX CLEARING CORPORATION	3000	0	3000	0	0	0
14)	KBFP KBC FINANCIAL PRODUCTS	3000	0	3000	0	0	0
15)	WDCO WILSON DAVIS AND CO. INC.	3000	0	3000	0	0	0
16)	TCCC ABN AMRO INCORPORATED/CORRE	2250	0	2250	0	0	0
17)	HOEN ITG EXECUTION SERVICES, INC	2100	0	2100	0	0	0
18)	REFC REFCO SECURITIES, LLC	2000	0	2000	0	0	0
19)	VDMX VAN DER MOOLEN SPECIALISTS	2000	0	2000	0	0	0

* Market maker volume is combined from multiple sources. See HELP for detail.

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 920410
 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2006 Bloomberg L.P.
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<HELP> for explanation.

P144 Equity M K A C

Market Maker Activity							Page 12/14
BOSTON COMMUNICATIONS GRO		Range 6/02-5/05		Sort by T-Total			
ID	Name	Total	%	Non-Block	%	Block	%
1)	WIEN WIEN SECURITIES	2000	0	2000	0	0	0
2)	NESC NORTHEAST SECURITIES INC.	1800	0	1800	0	0	0
3)	MMSL MIKLES MILLER SECURITIES LL	1771	0	1771	0	0	0
4)	FCCP FIRST CLEARING, LLC	1747	0	1747	0	0	0
5)	SWFT SWIFT TRADE SECURITIES USA	1700	0	1700	0	0	0
6)	SSIC SCOTTRADE, INC.	1500	0	1500	0	0	0
7)	RYAN RYAN BECK & CO.	1500	0	1500	0	0	0
8)	WSPD WACHOVIA SECURITIES - PRUDE	1500	0	1500	0	0	0
9)	WITE WITENBERG INVESTMENT COMPAN	1500	0	1500	0	0	0
10)	BWAY Broadway Trading LLC	1500	0	1500	0	0	0
11)	LABS LABRANCHE FINANCIAL SERVICE	1400	0	1400	0	0	0
12)	EDGE EDGETRADE.COM INC.	1325	0	1325	0	0	0
13)	RTXS RTX Securities Corp.	1300	0	1300	0	0	0
14)	NTRD ONTRADE INC.	1200	0	1200	0	0	0
15)	BBNT SCOTT AND STRINGFELLOW INC.	1200	0	1200	0	0	0
16)	SRES SECURITY RESEARCH ASSOCIATE	1200	0	1200	0	0	0
17)	WDSB HELFANT GROUP, INC.	1100	0	1100	0	0	0
18)	STGR STG SECURE TRADING GROUP, I	1100	0	1100	0	0	0
19)	ERNS INVESTEC (US) INCORPORATED	1100	0	1100	0	0	0

* Market maker volume is combined from multiple sources. See HELP for detail.

Australia 61 2 9777 8600

Brazil 5511 3048 4500

Europe 44 20 7330 7500

Germany 49 69 920410

Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2006 Bloomberg L.P.

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<HELP> for explanation.

P144 Equity M K A C

Market Maker Activity							Page 13/14
BOSTON COMMUNICATIONS GRO			Range 6/02- 5/05		Sort by T-Total		
ID	Name	Total	%	Non-Block	%	Block	%
1)	PARI BNP PARIBAS SECURITIES CORP	1050	0	1050	0	0	0
2)	OLMP OLYMPUS SECURITIES, LLC	1000	0	1000	0	0	0
3)	PIPX VIE SECURITIES, LLC	1000	0	1000	0	0	0
4)	PERF KELLOGG CAPITAL GROUP LLC	1000	0	1000	0	0	0
5)	FLMM FLEMING SECURITIES INCORPOR	1000	0	1000	0	0	0
6)	CRNR PROTRADER SECURITIES CORPOR	1000	0	1000	0	0	0
7)*	FBRC FRIEDMAN, BILLINGS, RAMSEY	997	0	997	0	0	0
8)	CRTC CRT CAPITAL GROUP LLC	848	0	848	0	0	0
9)	ISLO Momentum Securities, Inc.	800	0	800	0	0	0
10)	GNET ARCHIPELAGO TRADING SERVICE	800	0	800	0	0	0
11)	TDSC TRACK DATA SECURITIES CORP.	715	0	715	0	0	0
12)	DIVA DIVINE CAPITAL MARKETS LLC	700	0	700	0	0	0
13)	PIFU EWT, LLC	600	0	600	0	0	0
14)	ELEC ELECTRONIC TRADING GROUP, L	600	0	600	0	0	0
15)	CHAS CHARLES SCHWAB AND CO. INC.	600	0	600	0	0	0
16)	LHMA LEHMAN BROTHERS INC.	500	0	500	0	0	0
17)	WPGC ROBECO USA, L.L.C.	500	0	500	0	0	0
18)	SKYC SKY CAPITAL LLC	500	0	500	0	0	0
19)	MLNM MILLENNIUM BROKERAGE, LLC	500	0	500	0	0	0

* Market maker volume is combined from multiple sources. See HELP for detail.

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 920410
 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2006 Bloomberg L.P.
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<HELP> for explanation.

P144 Equity M K A C

Market Maker Activity							Page 14/14
BOSTON COMMUNICATIONS GRO		Range 6/02-5/05		Sort by T-Total			
ID	Name	Total	%	Non-Block	%	Block	%
1)	SOAR STERLING FINANCIAL INVESTME	400	0	400	0	0	0
2)	OXPS OPTIONSXPRESS, INC.	300	0	300	0	0	0
3)	SONC SONIC TECHNOLOGIES LLC	300	0	300	0	0	0
4)	WLDC WORLDCO, L.L.C.	300	0	300	0	0	0
5)	TRNX TRINIX SECURITIES	300	0	300	0	0	0
6)	STSS SUCCESS TRADE	200	0	200	0	0	0
7)	REDT REDWOOD TRADING LLC	200	0	200	0	0	0
8)	MKXT Market XT (ECN)	200	0	200	0	0	0
9)	YAMN YAMNER AND CO. INC.	120	0	120	0	0	0
10)	BRON J.P. MORGAN INVEST, LLC	100	0	100	0	0	0
11)	PORT TRADEPORTAL SECURITIES, INC	100	0	100	0	0	0
12)	PAGE RUSHTRADE SECURITIES, INC.	100	0	100	0	0	0
13)	LEER LEERINK SWANN & CO., INC.	100	0	100	0	0	0
14)	TRAK Track ECN (TRAK)	100	0	100	0	0	0

* Market maker volume is combined from multiple sources. See HELP for detail.

Exhibit 4

10-K 1 d10k.htm FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2003

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

Commission File Number 333-4128

BOSTON COMMUNICATIONS GROUP, INC.

(Exact Name of Registrant as Specified in its Charter)

MASSACHUSETTS
(State or Other Jurisdiction
of Incorporation or Organization)

04-3026859
(I.R.S. Employer
Identification No.)

100 Sylvan Road, Suite 100, Woburn, Massachusetts
(Address of Principal Executive Office)

01801
(Zip Code)

Registrant's telephone number, including area code: (781) 904-5000

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, par value \$.01 per share

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2) YES ☒ NO ☐

The approximate aggregate value of the voting stock held by non-affiliates of the registrant, computed by reference to the

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2004

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

Commission File Number 000-28432

BOSTON COMMUNICATIONS GROUP, INC.

(Exact Name of Registrant as Specified in its Charter)

MASSACHUSETTS
(State or Other Jurisdiction
of Incorporation or Organization)

04-3026859
(I.R.S. Employer
Identification No.)

**55 Middlesex Turnpike,
Bedford, Massachusetts**
(Address of Principal Executive Office)

01730
(Zip Code)

Registrant's telephone number, including area code: (781) 904-5000

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value \$.01 per share

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2) YES ☐ NO ☒

The approximate aggregate value of the common stock held by non-affiliates of the registrant, computed by reference to the closing sales price of such stock quoted on the NASDAQ National Market on June 30, 2004, was \$177,946,324. The

BCGI Market Capitalization

Quarter Ending	Shares Outstanding
Jun-02	17,070,000
Sep-02	17,110,000
Dec-02	17,370,000
Mar-03	17,740,000
Jun-03	18,100,000
Sep-03	18,240,000
Dec-03	18,250,000
Mar-04	18,320,000
Jun-04	17,830,000
Sep-04	17,550,000
Dec-04	17,580,000
Mar-05	17,640,000
Jun-05	17,640,000
Average:	17,726,154

Average Closing Price During the Class Period:	\$10.72
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Average Market Capitalization During the Class Period:	\$190,024,369.23
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Exhibit 5

<HELP> for explanation.

P144 Equity H P

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C o m p / C L O S E / P R I C E

BOSTON COMMUNICATIONS GR (BCGI US)

PRICE 2.02

Page 1 / 1

\$ DELAYED

Range 5/20/05 to 5/23/05

Period D Daily

HI 4.81

ON 5/20/05

AVE 3.28

VL 6334880

USD

Market T Trade

LOW 1.75

ON 5/23/05

DATE	PRICE	VOLUME	DATE	PRICE	VOLUME	DATE	PRICE	VOLUME
F								
T								
W								
T								
M	5/23 L1.75	12507846						
F	5/20 H4.81	161914						

Australia 61 2 9777 8600

Brazil 5511 3048 4500

Europe 44 20 7330 7500

Germany 49 69 920410

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